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UNITED STATES OF AMERICA
DEPARTMENT OF STATE

Department of State bulletin

Volume 87 / Number 2118 / January 1987

THE DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service. The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party. Special features, articles, and other supportive material (such as maps, charts, photographs, and graphs) are published frequently to provide additional information on current issues but should not necessarily be interpreted as official U.S. policy statements.

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WHY FOREIGN AID?

A child in Latin America learns to read . . .



FEATURE

A family in Asia
opens a small business . . .

A farmer in Africa
grows more food . . .



Education, health, private enterprise and agriculture are some of the areas in which U.S. foreign economic assistance is helping people in less developed countries (LDCs) to help themselves improve the quality of their lives. Such assistance also serves U.S. national security interests.

By helping people in LDCs, U.S. foreign aid enhances regional security, promotes economic development, encourages the growth of democratic institutions and stimulates commercial relations with the Third World.

An infant
dying of
dehydration
is spared
due to a
simple new
technology
that combines
sugar, salt
and water . . .



Life expectancy in developing nations has increased by 20%, literacy by 33% and per capita income by 50%.



For over a quarter of a century, the United States has been providing economic assistance to the nations of the developing world.

During that time, more than 303 million tons of food were provided to 1.8 billion people in more than 100 nations. Emergency relief was provided to victims of over 770 natural disasters in 129 countries. Smallpox was eradicated, and a vaccine for malaria is on the way. A "Green Revolution" in agriculture introduced new high-yielding varieties of grains and enabled many nations to become self-sufficient in food production.

Life expectancy in developing nations has increased by 20%, literacy by 33% and per capita income by 50%. High rates of population growth are beginning to level off in parts of Asia and Latin America, where up to 50% or more of the people in some countries now use family planning methods. Primary school enrollment has tripled, and secondary school enrollment has increased sixfold.

Programs to assist people in developing countries are an expression of the American people's sense of justice and compassion. They also play an important role in America's efforts to find peaceful solutions to conflicts and to encourage the

development of freedom and opportunity throughout the world.

Interdependence in Today's World

Foreign aid plays an important role in American foreign policy. It is also an indispensable part of a growing economic link between the United States and the developing world. The United States is deeply involved in the world economy. Today, America benefits significantly from trade and direct investment with developing nations. More than 40% of all U.S. private direct investment today—or some \$50 billion—is in the Third World.

The U.S. trade relationship with developing nations underscores the interdependence of the world economy. For example, almost half of all American manufactured goods and over 50% of U. S. food grains and feed grains go to growing markets in the developing world. As these developing economies become more viable, they can become more effective markets for U.S. products.

Developing nations supply almost half of all American imports including many strategic minerals vital to national defense. The United States imports significant quantities of silver,



An AID-supported women's co-op in the Dominican Republic assists in the country's rural development.

cobalt, aluminum, tin, tungsten, nickel, manganese, platinum, mercury and bauxite from these nations. For example, 52% of the cobalt imported by the United States comes from Zaire. Cobalt is a critical component of the alloys necessary for the construction of jet engines. In addition, most American imports of petroleum and natural rubber as well as everyday products such as coffee, bananas, tea and cocoa come from the developing world.

U.S. foreign aid programs not only benefit recipients abroad, but also help secure jobs for Americans at home. For example, 70 cents out of every dollar that goes for bilateral

foreign assistance is spent on goods and services from the United States. American firms supply commodities, equipment, consulting services and other expertise to foreign assistance projects. Foreign aid programs support more than five million American manufacturing jobs in all 50 states and create new markets for U.S. products abroad.

Foreign Aid in Perspective

Foreign assistance as a national policy originated with the Marshall Plan in 1947 when U.S. economic support helped rebuild Europe following World War II. In

1949, President Harry S Truman initiated the Point IV program to provide technical assistance to Taiwan, South Korea, nations in Indochina and the less developed countries in Europe and the Middle East.

The focus of foreign aid switched from Europe to the developing world. In June 1950, the Act for Inter-



Foreign aid helps America—about 70 cents of every dollar is spent on U.S. equipment, food, goods or services.



Efforts to raise the productivity and income of the poor focus on increasing access to resources such as land, water, fertilizer and renewable sources of energy.

AID encourages the development of the private sector as a vehicle for generating employment and higher incomes.



national Development was passed, and the Technical Cooperation Administration (TCA) was established within the State Department. When the Korean War broke out in 1950, U.S. economic assistance took on a new purpose. In 1951, military and economic assistance were united with technical assistance programs under the Mutual Security Agency. Two years later, programs of technical cooperation became the responsibility of the newly established Foreign Operations Administration, which later became the International Cooperation Administration. This effort was supplemented in 1954 by the Food for Peace Act, which uses U.S. agricultural abundance to feed the hungry in other nations. Shortly thereafter, the Development Loan Fund was established, enabling developing countries to obtain capital assistance.

The Agency for International Development (AID), created by the Foreign Assistance Act of 1961, combined the International Cooperation Administration and the Development Loan Fund. AID today carries out U.S. economic assistance programs in the developing world.

The passage of "New Directions" legislation by Congress in 1973 led to efforts to raise the productivity and

income of the poor by increasing access to resources such as land, water, fertilizer, seeds, tools, credit and renewable sources of energy. Health, nutrition, voluntary family planning and education programs also were expanded.

Today, U.S. economic aid programs emphasize four basic principles: policy dialogue and reform; transfer of

appropriate technology; institution building; and reliance on the private sector and market forces as engines of economic growth.

Policy Dialogue

The ability of economic assistance programs to achieve their goals depends to a large degree on the soundness of development policies in

AID develops and introduces technologies that can be maintained and operated easily and are appropriate in local cultures.



WORLD BANK

recipient nations. Inappropriate subsidies, price and wage controls, trade restrictions, overvalued exchange rates, interest rate ceilings and rapid population growth all curtail economic performance. For example, farmers need to sell their products at market-determined prices rather than at artificially low prices often imposed by governments. These below-cost-of-production prices are set to provide less expensive food for urban dwellers. Because of such policies, farmers grow only enough for their own families plus a little extra to sell. The result can lead to widespread food shortages. In Africa, per capita food production has fallen

The ability of economic assistance programs to achieve their goals depends to a large degree on the soundness of development policies in recipient nations.



AID helps strengthen international agricultural research centers in developing countries by providing 25% of their funding.



AID engineers have helped the Thai government construct a number of water systems that provide people with clean, potable water.



AID promotes programs that emphasize immunization and proper feeding of livestock, which are important for increasing agricultural productivity.

Developing nations with strong private sectors have achieved faster, sounder and more sustained economic growth.



each year for 20 years, in part due to this type of pricing policy.

When a nation requests economic assistance from the United States, help is provided to design economic policies that allow development to succeed. With AID assistance and the growing recognition of the negative effects of restrictive policies, a number of reforms recently have taken place throughout the developing world. For example, 16 African countries have increased food prices substantially to provide incentives for farmers to grow more and better crops. This will help prevent famine in the future. In Somalia alone, a year after prices for sorghum were raised, production went up 40%.

Research and Technology Transfer

For effective economic growth to take place, people in the developing world must have technology that is appropriate to their specific needs.

The U.S. foreign aid program works closely with American universities, the agribusiness industry and the U.S. private sector to research and develop technologies that can make a difference in economic development. For instance, chronic hunger has given way to food self-reliance in many areas of the world through the creation

and use of high-yielding rice and wheat varieties. Rice production in Indonesia has increased from 12 million to 22 million tons in less than 15 years. India, one of the most populous nations in the world, is becoming increasingly self-reliant in food.

AID is focusing on research, development and transfer of tech-



The emphasis of AID's population assistance is on enhancing the well-being of families by expanding the availability and use of voluntary family planning services.

PIRKKO TANTTU



Sixteen African countries have increased food prices substantially to provide incentives for farmers to grow more and better crops.

nology in the areas of greatest need. These include: food production and agriculture; forestry (fuelwood production and use); biomedical research; and voluntary family planning methods.

As part of this process, AID helps strengthen scientific institutions in developing countries and assists in building their research development and technology distribution facilities.

Institutional Development

The U.S. foreign aid program promotes democracy as well as development by building and strengthening institutions that enable people to help themselves and that increase citizen participation in decision making. The growth of viable institutions is essential to successful development.

U.S. support builds schools and universities and provides access to

self-sustaining sources of credit for productive investment. Institution building activities also include training to upgrade technical and managerial expertise.

U.S. foreign aid supports small business and farmer-controlled cooperatives and other institutions that provide the means for people to express their views, choose their leaders and promote needed reforms. U.S. assistance and support are provided in conducting free and democratic elections. AID has also launched a \$25 million program aimed at improving the administration of justice in Latin American democracies and strengthening local democratic institutions.

Private Sector Growth

Developing nations with strong private sectors have achieved faster, sounder and more sustained

economic growth. Private management of industries, for example, provides more efficient services at lower cost to the public than is the case with state-owned and -operated enterprises. This has led to many requests from developing countries for AID's technical assistance in drafting privatization strategies.

In recent years, the interest in reducing the role of government in national economies has become a global phenomenon.

AID encourages the development of the private sector as a vehicle for generating employment and higher incomes. In Bangladesh, AID assisted in transferring the marketing of fertilizer from the government to the private sector. As a result, over 45,000 Bangladeshi businessmen now sell fertilizer to small farmers.

In Jamaica, a 1984 AID loan provided for an audit of state enterprises and for privatization of 30 companies. At the request of the Costa Rican government, AID made local currency available to establish a trust fund to take possession of government-owned subsidiaries and offer them for sale to private investors. A program for divestment of state-owned enterprises is being developed jointly by AID and the government of Honduras.



U.S. foreign aid supports small business and farmer-controlled cooperatives.

Because of the scarcity of fuel in developing countries, people use alternative sources such as dried dung.



FOREIGN AID: How It Works

Development Assistance

Development assistance is administered by AID in the form of loans and grants. Its objective is to broaden economic opportunity by improving the quality of life of the poorest people in developing countries through programs in agriculture, rural development, nutrition, voluntary family planning, health, education and human resources, energy, and science and technology.

The programs are concentrated in countries where U.S. assistance is needed most, where there is a clear commitment to broadly based growth and where the United States has a strong interest in long-term development.

This represents the basic type of assistance provided by AID in accordance with the Foreign Assistance Act.

Economic Support Fund

The Economic Support Fund, part of the U.S. Security Assistance Program, promotes economic and political stability in regions where the United States has special security interests and has determined that economic assistance can be useful in helping to secure peace or to avert major economic or political crises.



These resources meet a variety of needs, including balance-of-payments support and financing of infrastructure and other capital projects as well as support for development programs.

Food for Peace

Food aid is provided in cooperation with the Department of Agriculture through the Food for Peace program or P.L. (Public Law) 480.

The United States is the largest food donor in the world, providing more nourishment to the world's hungry than all other nations combined.

The Food for Peace program has delivered over 303 billion tons of food worth almost \$37 billion to people on almost every continent. It has brought new hope and economic opportunity to more than 1.8 billion people in over 100 countries.

Food aid is provided in three different ways:

Title I, a concessional sales program, provides developing countries long-term, low-interest loans to purchase U.S. farm products. In exchange, these countries agree to self-help requirements that can mean improved policies and local currency funding for development activities. Recent legislation emphasizes the use of local currency proceeds from Title

I sales to promote private enterprise development through local institutions.

Title II, a donation program, provides food aid to the victims of famines, disasters and emergencies throughout the world. Title II programs fall into broad categories of maternal-child health care, school feeding and Food for Work. Most

The United States is the largest food donor in the world, providing more nourishment to the world's hungry than all other nations combined.



Economic Support Funds help finance infrastructure development such as the construction of access roads.

Title II supplementary feeding is administered through U.S. private voluntary agencies and their counterparts overseas. However, U.S. food is also provided through direct bilateral programs with other governments through the U.N. World Food Program.

Food for Peace helped save millions of lives during the recent African famine. In 1985 alone, the United States provided over three million tons of American food, valued at \$1.1 billion, in response to the African emergency. This represented half of all food delivered to that continent.

Title III, Food for Development, is another sales program similar to Title I. However, Title III goes one step further by waiving all repayment requirements in exchange for more specific self-help development initiatives. Another newly established program, Food for Progress, emphasizes the use of U.S. food resources to support countries that have committed themselves to agricultural policy reform.

Disaster Assistance

Natural and man-made disasters are a constant threat to people throughout the world. They take their highest toll among the poor, who are the most vulnerable.

AID's Office of U.S. Foreign Disaster Assistance (OFDA) coordinates U.S. government and private relief work whenever help is needed. Programs are conducted, often in conjunction with those of other nations, to alleviate the effects of disaster quickly and to reduce human suffering.

Over the years, this assistance has taken many forms. Donations under the Food for Peace program, search and rescue missions, medical supplies and personnel, shelter and equipment and money to buy relief goods all have been provided.

AID responds to an average of 38 emergency disasters a year. During the past 22 years, the United States provided emergency relief to victims of 865 natural and man-made foreign disasters in 129 countries in which 2.7 million have died and 818 million have been affected.

AID's international disaster assistance program not only alleviates suffering resulting from disasters, but also strengthens the ability of countries to cope with disasters by helping them improve their own disaster response networks.

AID develops early warning systems and provides technical assistance to strengthen relief institutions in disaster-prone

countries. A 24-hour response capability is maintained to rush life-support supplies and services to disaster victims anywhere in the world.

What Does Aid Cost?

The 1987 foreign aid program totals less than 1% of the overall federal budget or about \$6 billion.

Natural and man-made disasters are a constant threat throughout the world and take their highest toll among the poor.



These funds support over 1,500 development assistance programs in 70 countries and include the Food for Peace program, the U.S. contribution to multinational development banks and Economic Support Funds in countries such as Egypt and Israel.

The amount of money spent on foreign assistance by the United States per year is considerably less than

what the American people spend for alcoholic beverages, cosmetics or toilet articles. In 1984 Americans spent over \$10 billion on haircuts, \$31 billion on cigarettes, \$25 billion on household cleaning supplies and \$53 billion on alcohol. The same year, the U.S. government spent only \$8.7 billion on foreign aid.

Sharing the Task

Thirty-five years ago, the United States was the only nation offering economic assistance as a national policy. The U.S. share of worldwide assistance is shrinking. Today, virtually all developed nations—and some that are still developing—maintain aid programs.

In 1983, while still providing the largest absolute amount of aid, the United States' relative share fell to less than 30%. By 1984, among the 17 leading non-communist countries providing aid, the United States stood last in the amount of aid provided in relation to the gross national product. The Nordic countries, Switzerland, Belgium, Austria, Australia, New Zealand, Denmark and the Netherlands are among the nations that outrank the United States. Net disbursements for U.S. economic aid in 1984 represented less than .3% of the gross national product.

In 1985 alone, the U.S. provided over 3 million tons of American food, valued at \$1.1 billion, in response to the African emergency. This represented half of all food delivered to that continent.



The Feb. 4, 1976, earthquake in Guatemala left about 23,000 persons dead, 75,000 injured and one million homeless. AID provided more than 500 family tents, 500 pints of blood plasma, 5,000 doses of antibiotics, 100 portable water storage tanks (3,000-gallon size), generators, pumps and water purification equipment.

THE AID CHALLENGE

The environment of poverty is a barrier to economic growth and to long-term global peace and security. The lack of skills, education, health services, access to safe water and adequate food all contribute to poverty. Growing population pressure, adverse climatic conditions, a deteriorating natural resource base and inappropriate government policies further exacerbate the problem.

Malnutrition and disease take the lives of more than 14 million children under the age of five every year in the developing world. This is almost the entire preschool population of the United States. Every day 40,000 children under the age of five die from largely preventable causes.

A substantial portion of the population in the developing world does not have access to enough food

to meet nutritional needs, and three out of five people do not have easy access to safe water. Life expectancy in less developed countries is about 58 years on the average compared to 75 in the United States. Average annual income is \$700 compared to \$11,070 in the developed nations, and unemployment rates are very high—up to 50%—particularly in densely populated urban areas. Over half of the people throughout the developing world do not have even basic reading skills.

The challenge faced by donor agencies such as AID and the

governments of developing nations is to break through the barrier of poverty and provide incentives for economic progress that will lead to self-reliance and sustained growth.

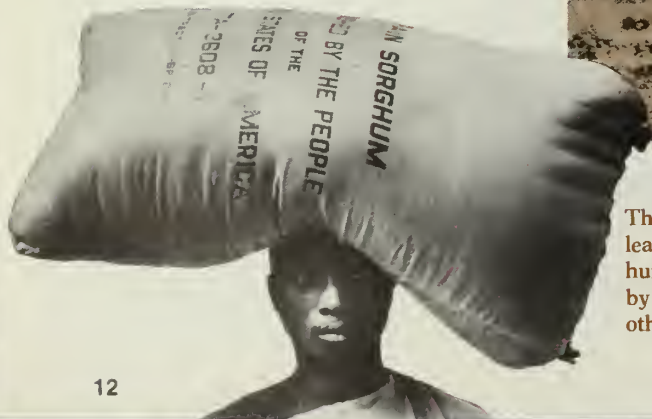
Agriculture and Nutrition

Insufficient food supplies and inadequate diets are principal concerns in most developing nations. Over 800 million people or about one-seventh of the world's population are malnourished. Half of the world's hungry are children.

While enough food is being produced to feed the world's five billion people, in undernourished areas of the developing world, problems are experienced because people do not have enough money to purchase food or build roads. They may not have adequate ways of delivering or storing food. Low agricultural productivity in many areas of the world also results from a shortage of appropriate technology to generate production.

Most countries in Africa, for example, are unable to produce or

AID works to provide appropriate technology to help farmers improve production.



The United States plays a leading role in alleviating human suffering in Africa by providing food and other emergency supplies.

distribute the food that they need. Food production in these nations has declined in the last decade.

In the future, land available for farming will be limited. Most good arable land, especially in Asia, already is being cultivated. Land available for agricultural purposes is expected to increase by only a small amount by the turn of the century. Efforts to increase food production are hampered further by the depletion of the world's forests for fuel and other products. Deforestation causes watershed destruction that, in turn, threatens agricultural land with erosion or flooding.



To meet the growing demand for food generated by population growth, food production must increase 3-4% annually. To do this, production of major food crops in the developing countries must be increased significantly, the food purchasing power of the poor must improve, and policies that act as a constraint to development must be changed.

AID is meeting the challenge of increasing food production by helping to improve existing agricultural technology and self-sustaining agricultural institutions in developing nations. Conducting research and developing and disseminating appropriate technologies are the essence of AID's program in agriculture.

Research is a key factor in improving agricultural production. AID-supported research has helped bring about a "Green Revolution" in agriculture in Asia. Work now is under way to help bring food self-sufficiency to the African continent.

Support is provided to a network of international agricultural research centers conducting studies on improving the productivity and quality of food crops such as sorghum, millet, beans, cowpeas, cassava, peanuts and potatoes. The International Center for Tropical Agriculture in Colombia has developed bean vari-

eties that have resulted in increased yields and higher farm incomes without pesticide use. Research conducted on high-yielding rice varieties primarily at the International Rice Research Institute in the Philippines has resulted in a 40% increase over yields of traditional varieties. For wheat, the average increase has been close to 100%.

AID support to the Asian Vegetable Research and Development Center has developed heat- and bacterial-resistant tomatoes that will make tomato production feasible in hot and humid climates for the first time. Other research at the center has helped design household gardens that provide food with adequate vitamin A for families.

AID collaborates on research programs with U.S. land and sea grant colleges and universities in fields such as aquaculture, ocean fisheries, soil management, nutrition and food crop production, and post-harvest technology and works closely with private voluntary organizations, private sector firms, the U.S. Department of Agriculture and other U.S. government agencies such as the Peace Corps.

Collaborative agricultural research also has benefited U.S. agriculture. The United States has benefited from

In Honduras, where coffee is vital to the economy, farmers apply new technologies resulting in increased production.



AID-funded research has led to the production of new varieties of sorghum that are increasing yields up to 150%.



Agricultural research, such as that under way at CIMMYT, benefits crop producers in both the United States and in developing countries.

the use of genetic materials from developing countries to improve virtually every major U.S. crop by providing resistance to disease and insects, dwarf stature, higher yields as well as one-day length-sensitivity.

AID also draws on technical expertise from developing countries as well as the food and agricultural development experience of the U.N. Food and Agriculture Organization (FAO), the World Food Council (WFC), the International Fund for Agricultural Development (IFAD), the U.N. World Food Program (WFP) and other donor agencies.

The U.S. foreign assistance program provides both short- and long-term training for scientists, economists and other specialists needed for sustained agricultural and rural development. For example, AID assisted in building a college of agriculture in Morocco that now is graduating about 600 persons a year. U.S.-based training is provided for some 50 Zambians as part of a project in agricultural training, planning and institutional development. A university based on a U.S. land grant model is being created in Cameroon and is expected to provide 300 agricultural graduates a year.

AID also helps developing nations increase agricultural production

through irrigation, swamp drainage, access road building, produce marketing, building of storage facilities and rural electrification systems. In Guatemala, AID assisted in the construction of about 206 kilometers of farm-to-market access roads that provided employment for 12,000 laborers and allowed 20% more produce to arrive at markets in good condition. In Sri Lanka, an AID project helped organize water users associations in the dry Gal Oya region in the southeastern part of the country and rehabilitated over 600 kilometers of irrigation canals. In Costa Rica, a joint U.S.-Costa Rican agricultural consultative committee was set up with AID's help. During the first six months of operation, it was instrumental in launching a number of major joint ventures in production and export of herbs, spices, vegetables and dehydrated banana and pineapple chips.

U.S. foreign assistance helps create more jobs in rural areas and provides farmers better access to credit, markets and technology. In Honduras, for example, where the coffee crop is vital to the economy, coffee rust, a fungal disease, led to a decrease in production. With AID assistance, new technologies were introduced, and credit was extended to some



3,000 small farmers. As a result, in two years, coffee production of these farmers increased fivefold.

AID is attempting to direct such critical productive resources as credit, technology and training to females who perform much of the developing world's agricultural labor.

Human Resource Development

Health

For millions of people in the developing world, good health is an elusive goal. Many deaths today occur from malnutrition and illnesses such as diarrhea, respiratory infections, measles, tetanus and polio. These deaths can be easily prevented or treated if services are available.

However, efforts to improve health are hampered by a lack of trained personnel at the community level, scarcity of rural health clinics, limited resources and lack of technical expertise.

AID helps developing countries expand basic health care by emphasizing immunization, oral rehydration therapy and control of major communicable parasitic diseases.

Over 50% of AID's health budget is directed at health service delivery.

AID recently doubled its budget for biomedical research, committing roughly 13% of the total health budget (about \$31.5 million) to this research. Research will improve the ability to diagnose, treat and even prevent diseases and will reduce the cost of health service delivery in the developing world.

Today, research is carried out on tropical diseases such as malaria and onchocerciasis (river blindness).

Onchocerciasis, when uncontrolled, can disable humans in the prime of life. AID is the major donor in the

worldwide effort to control this disease. In the Volta River Basin in Africa, for example, some 27,000 cases of blindness have been prevented, valuable land has been returned to production, and the majority of children born in the region have been protected from infection.

During the past 30 years, the United States has spent more than \$1 billion to control the spread of malaria, a disease which may kill up to five million people a year. It is estimated that one million children die annually from malaria in Africa alone.



More than 50% of AID's health budget is directed at health service delivery.

Two prototype vaccines against malaria have been developed as a result of research funded by AID.

Females provide much of the developing world's agricultural labor.

Malaria had been eliminated in 39 countries until it resurfaced recently in some areas of the world due to widespread and growing resistance to insecticides and to traditional anti-malarial drugs.

As a result of research funded by AID, two prototype vaccines have been developed against malaria. One is for the most deadly form of the disease and the other for the most common form. If human testing is successful, the vaccine could be available for use by 1990 and should have a significant impact in controlling the disease.

AID is committed to a "child survival" program to focus on a limited number of manageable and proven technologies that promise sustained and direct health benefits for infants and children. These are oral rehydration therapy, immunization, birth spacing and improved nutrition practices including the

promotion of breast feeding, appropriate weaning and growth monitoring.

Promoting the use of oral rehydration therapy is an important part of AID's child survival effort. Between five and six million children in developing nations die every year from dehydration resulting from diarrhea. Diarrhea is brought on by cholera, measles and the many viruses and bacteria that thrive in unsanitary environments. Children in developing countries, often already malnourished, may survive the disease but not the dehydration resulting from severe diarrhea.

The only treatment was to rehydrate those children with fluids given intravenously. But that required hospitals, trained medical personnel and clean needles—all in short supply in the developing world.

Over the course of 20 years, AID has helped support the research that has demonstrated that oral rehydration therapy (ORT) is a safe and effective treatment for diarrhea from all causes and for children and adults of all ages. Because it can be given by spoon, mothers and fathers can administer it to their children at home.

AID now is working to make ORT available worldwide with activities in 42 countries. The U. N. International

Children's Emergency Fund (UNICEF) and the World Health Organization (WHO) are major partners in this global effort.

It is proving successful. For example, the AID-supported National Control of Diarrheal Diseases project in Egypt began in 1983. By the end of 1985, close to 90% of all health facilities around the country were providing on-site rehydration services. According to approximations based on sample surveys, diarrhea-caused deaths in under-two-year-olds had been cut by two-thirds since 1980 and infant deaths (0-1 year) by more than half.

In the developing world, children are afflicted by a full range of illnesses once common in industrialized nations but now largely controlled. Measles, for example, is a far greater killer in developing countries than sleeping sickness. Whooping cough is a greater hazard than river blindness. Vaccines to combat diseases such as measles, whooping cough, tetanus and polio have long been available but are only recently reaching the developing world.

Because immunization is an important and cost-effective intervention, AID supports immunization programs in more than 50 countries.



ORT—a simple solution of water, sugar and salt that can be administered in the home—is preventing millions of deaths from diarrheal dehydration each year.

Moroccan children benefit from an AID-supported program that provides vitamin-enriched dietary supplements.



AID also is supporting the research and development of:

- a measles vaccine that can be given to infants as young as six months;
- heat-stable vaccines such as for polio to reduce dependence on cold chains;
- a single-dose vaccine for whooping cough that does not have the negative side effects that often discourage mothers from completing the DPT series;
- a genetically-engineered oral vaccine, as well as a new injectable, for typhoid, a disease that has become resistant to antibiotics in several parts of the developing world;
- an oral vaccine for cholera, the most severe of the diarrheal diseases, affecting some 20-24 million adults and children;
- a vaccine for rotavirus, the most common cause of diarrhea in the United States as well as in the Third World; and,
- a leprosy vaccine that can be used not only as a preventative but also to reduce the severity of the disease in those who are already infected.

AID-supported research is under way on technological improvements that could make vaccines easier to deliver in the developing world.

AID also is conducting promising research to further reduce childhood mortality. Vitamin A deficiency is a public health problem in an estimated 73 countries and territories around the world, affecting some five million children under the age of five in Asia alone. About 250,000 children in Asia are blinded every year as a result of this deficiency in their diet. Since 1974, AID has helped developing countries recognize, treat and prevent vitamin A deficiency. AID-supported research in Indonesia has shown that vitamin A may also play a key role in preventing deaths from diarrhea and acute respiratory infection. AID is expanding its research into the links between vitamin A and childhood mortality and disease.

In addition, AID provides technical support for planning and managing improved water and sanitation systems. In Malawi, for example, the AID-assisted Self-Help Rural Water Supply project has resulted in the installation of nearly 2,000 miles of pipe and 3,000 public taps since 1968. AID also provides training in hygiene and basic health care.

Education

Meeting the challenge of economic development requires the leadership and technical know-how

AID also is conducting promising research to further reduce childhood mortality.

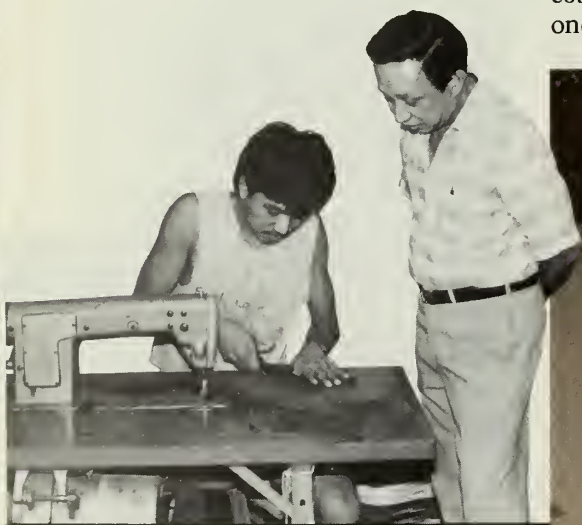


The Agency's immunization program in Africa has assisted in protecting 8.3 million children from the ravages of childhood diseases.



The Agency's health program focuses on infants and young children — a group highly vulnerable to disease.

Some 600 million adults in developing nations cannot read or do basic calculations.



Opening the book of knowledge releases human potential.

that comes from sound education and training. Yet, the countries facing the most acute challenge are often those most severely hampered by lack of trained professionals and skilled personnel.

Some 600 million adults in developing nations cannot read or do basic calculations. Only three-fifths of school-age children enter primary school, and only half will stay in school long enough to acquire even the most rudimentary skills.

In the developing world, the ratio of physicians, teachers and other trained persons to a growing population is strikingly low. In Bangladesh, a country with an estimated 100 million people, there is one physician for every 10,000

persons. In Niger, there are only 128 physicians to serve over five million citizens. In Liberia, estimates show one high school teacher for every 121,000 teens.

The U.S. foreign aid program emphasizes primary education for children, non-formal education in life skills for adults and advanced training for development program managers, scientists and professional personnel. In addition, the program emphasizes that formal and non-formal education and participant training be directed to both males and females since each contributes significantly to the overall economic development process.

Support is provided for private voluntary organizations to conduct educational programs in basic literacy,



health care, occupational health and safety and other subjects.

Modern technology also is applied to educate persons in remote regions. Radio and satellite communications are used to reach people in rural areas. In Kenya, Thailand and the Dominican Republic, AID has helped develop instructional radio programs that have taught children basic skills. These have been useful particularly where qualified teachers are in short supply.

In Costa Rica, students are using textbooks written and printed in their own country through funds provided in local currency generated by the AID program.

In addition, "scholarship diplomacy"—training and educating Third World citizens in the United States—is an important part of the foreign assistance program. Nearly 250,000 persons from the developing world have received training—most of them in the United States—under the foreign assistance program. AID is responsible for managing most U.S. government-sponsored scholarships for students and trainees from the Third World.

In 1985, AID initiated a five-year, \$146 million program to provide training in the United States for undergraduate and high school-level

students from Central America. The Central American Peace Scholarship Program (CAPS) will reach socially and economically disadvantaged students and also will enable primary and secondary school teachers and administrators to observe programs in the United States related to their fields. CAPS will fund over 7,000 scholarships. In addition, the U.S. Information Agency will sponsor training for 3,000 Central Americans.

Along with providing scholarships, AID offers assistance to countries that want to invest their own resources in training but need help with programming and supervising their citizens being trained in the United States. This assistance and related services are provided under AID's Reimbursable Training Program.

Environment and Natural Resources

Receding tropical forest cover, soil erosion, exhaustion of croplands, depletion of fisheries, advancing desert frontiers, water pollution, indiscriminate pesticide use and inadequate industrial and urban pollution control, and inadequate or underused energy sources often are serious problems in developing countries.

AID assists in identifying and solving these problems in a number of ways. Technical environmental analysis is integrated into AID's development projects. Foreign governments are encouraged to adopt sound environmental policies. Support is provided for scientific and developmental institutions in developing countries engaged in environmental research and problem solving.

Integrating environmental analysis into development projects in Rwanda, Somalia and the Gambia will ensure against future erosion and degradation in development of river basins.

In Panama, AID is providing a loan that will increase the government's capability to manage the watersheds that must be adequately protected to keep the Panama Canal operational.

AID has helped develop a network of environmental centers in Indonesia used for training and research by the



AID helps developing countries use natural resources wisely.



Ministry of Environment and Development.

AID also works to protect environmentally sound development projects funded by other donors. AID and the World Bank are partners in educating people about safe pesticide use.

Effective forest land management is crucial to economic development. The U.S. foreign assistance program helps more than 70 forestry projects in 37 countries to improve management and support related soil, water, forest and range vegetation conservation efforts.

Haiti is an example. Working closely with private voluntary organizations, AID is supporting an effort to plant and maintain six million to nine million trees over four years in addition to obtaining data on forestation in the country and promoting soil conservation.

Energy

The Agency's energy program helps developing countries assess their energy needs and resources plus develop affordable energy systems required for agricultural, health, educational and other development. In Haiti, AID is introducing a smokeless, briquetted fuel made from coal to replace fuelwood and kerosene

in homes and businesses. In Jamaica, AID funded a promising study of the potential for large-scale electricity generation from sugarcane. Successful application could revitalize Jamaica's major agricultural resource and lead to savings in foreign exchange funds through reduced oil imports.

Population

Population growth rates in most developing countries today remain high mainly because of dramatic improvements in public health and medical services over the past three decades, traditions favoring large families, and lack of knowledge and availability of effective family planning methods. Though the world's population growth rate has begun to fall, the present rate of growth will still mean a 33% increase in the world's population by the year 2000. More than 90% of these additional people will be born in the developing world.

Rapid population growth can compound serious development problems and increase the cost of national and international efforts to reduce disease, poverty, malnutrition and environmental degradation. In Africa, for instance, population is growing about 3% yearly while annual food production is increasing only 2%.

For the individual family, population growth means large family size, which may seriously affect the health of mothers and children. Complications of pregnancy are a major cause of death for women in the developing world. The risk of complications increases for women who are very young or at the end of their reproductive period and with the number of pregnancies. When children are born too close together, they have a significantly greater risk of dying than when births are well-spaced.

The emphasis of AID's population assistance is on enhancing the well-being of families by expanding the availability and use of voluntary family planning services. AID supports voluntary family planning programs that provide a wide range of choices in family planning methods, including natural family planning.

AID helps developing country programs by training physicians and other staff, providing commodities and medical equipment, expanding the number of channels through which family planning information is distributed and providing technical assistance to design and improve family planning programs.

Voluntary family planning programs in many countries have



produced positive results with AID support. In Thailand, for example, voluntary family planning programs contributed to a decline in the population growth rate from over 3% in 1970 to 1.7% today. In Jamaica, such voluntary programs helped reduce the birth rate by 23% over the past decade. Population growth rates also have declined in Indonesia, Mexico, Colombia and other countries with the help of strong AID-assisted voluntary family planning programs.

Housing

Adequate shelter is a critical need in the developing world. By the turn of the century, the world's population will be predominantly urban. Three-fourths of these urban

dwellers will live in developing countries. Providing minimum, decent shelter is a major problem resulting from rapid urbanization. Shelter ranks next only to food and medical care as a basic need of the poor.

All but a small fraction of the housing in developing countries is built by the private sector. Most people build their own housing over time. The primary role of government in housing is to provide those goods and services that people are unable to provide for themselves, to remove constraints on private sector housing construction and to encourage self-help efforts.

AID assists governments in developing nations to respond to the housing needs of their citizens. U.S. foreign aid projects emphasize self-help techniques and private sector construction of housing units. A number of approaches to providing low-cost housing are promoted, including slum upgrading, basic or core housing and preparation of lots with utilities for later improvement by purchasers.

In Africa, population is growing about 3% yearly while food production is increasing only 2%.



U.S. foreign aid housing projects emphasize self-help techniques and private sector construction.

By the turn of the century, the world's population will be predominantly urban.



MEETING THE CHALLENGE



The Agency is facing the challenge of the 1980s by sharing American scientific, technical and entrepreneurial skills to meet critical needs in the developing world. By encouraging policy dialogue, mobilizing the private sector, building durable institutions and transferring appropriate technology, AID helps build a better life for everyone both at home and abroad.

This feature is reprinted from a pamphlet entitled "The AID Challenge," produced by the Bureau for External Affairs, U.S. Agency for International Development, in November 1986.



Secretary Praises AID and Comments on Iran

Secretary Shultz's remarks at a ceremony commemorating the 25th anniversary of the Agency for International Development (AID) on November 25, 1986.¹

We're here to celebrate the 25th anniversary of the Agency for International Development. It's a very important part of our foreign policy. So let me start there.

President Reagan has put in place a foreign policy that's comprehensive, that is operating very strongly in the interest of the United States and of the great traditions of the United States. I am proud and feel quite privileged to be associated with him in this endeavor, and I support President Reagan fully, across-the-board.

Insofar as our efforts in the Middle East, and particularly with respect to the Iran-Iraq war and associated matters, the President has set out our objectives there trying to be as helpful as we can in bringing an end to that war—it's the bloodiest battle going on on the globe today—in trying to see what we can do to establish a more constructive relationship with Iran, if that's at all possible, in combatting the scourge of terrorism—all of these objectives are very much a part of our foreign policy. The President has set out our objectives, and I fully subscribe to them and support them and intend to be very much a part of the effort to bring them to fruition.

We've had a lot of discussion about how best to evaluate where we are right now and where we go from here. We will be working as part of the Administration's effort on this. Under Secretary of State [for Political Affairs] Mike Armacost will be the lead person, insofar as the State Department is concerned, in giving us leadership in this effort. So it will go forward following the objectives that the President has laid out and go forward with strength and enthusiasm.

Insofar as the problems that have come to light through the efforts of the Attorney General, I think it is quite clear that the Attorney General and the Presi-

dent mean business. Insofar as I personally am concerned, of course, I support that effort. I have met with the Attorney General and his associate, Mr. Cooper, and provided all of the information that we have here in the Department that I may have about all of the things involved. So they have that complete record. And, as we may turn up other things, of course, we'll immediately make them available. So that goes on.

But in the meantime, our foreign policy with all of its forward thrust goes on, including our efforts with respect to Iran, with respect to the Iran-Iraq war, with respect to all of these matters, as we will be seeking in every way possible to pursue the President's objectives and bring them about.

Turning to the subject of AID itself, this is a very important element in the total picture. And it represents an idea that's been around a long while—even longer than the 25 years and which has had a refreshing rebirth under the leadership of President Reagan.

As I think about it, this idea that AID represents now goes back at least to lend-lease during World War II. And we see its seeds in the Marshall Plan and derivatives of the Marshall Plan. We see it as part of the structure that was put in place by the great statesmen after World War II, from which emerged the International Monetary Fund, the World Bank and the other banks, and our bilateral assistance program. And it has done a lot of good. It's had its problems off and on but basically has been an extremely powerful force for good in the world.

It has been part of something that opens the world up, that stands for the fact that we know that what to the United States is going to be in some considerable part a reflection of what happens elsewhere. It is a way of saying we understand the stake we have in seeing people in countries that are worse off than we get a break and get a chance to move ahead.

And as President Reagan has worked with this program and sponsored increases in it, working with [AID Administrator] Peter McPherson, who is an outstanding colleague, the ideas of economic development through the market, through enterprise, have taken on much more meaning. And by now, we see that the ideas that the President expressed early in his term at Cancun and at other places, in which we're often greeted as way off the mark, are now almost the conventional wisdom. And I personally saw at the UN special session on Africa the emergence of these ideas insofar as many African nations were concerned, and you see them all around the world.

So I think this is a birthday that we can truly celebrate as representing an important idea that distinguishes the post-World War II period from the earlier periods. And it represents understanding, it represents the forward motion and open outlook of the United States; it's an integral part of the President's foreign policy, and I'm very pleased and proud to be a part of that policy and his team and very pleased to have an opportunity to take part in this ceremony that marks what you've been doing, Peter.

Just a word about Peter. He's been a great colleague for me. He's tireless. I don't know how he does all the things he does and how he knows all the things he knows. But at any rate, he's always there and is one of those people who, when he comes to you, even if he's got a problem he also brings a solution. The people you like to see are the ones who bring answers as well as problems. It's the people who only bring you the problems that drive you crazy. But Peter's got answers and solutions and ideas, and he's always constructive. And so it's a great pleasure for me to work with you personally, Peter.

¹Press release 253 of Nov. 26, 1986. ■

Restoring the Foreign Affairs Budget

Secretary Shultz's address before the Locust Club in Philadelphia on November 3, 1986.¹

I thank you for honoring me with your performance award. I take it as an important opportunity to say a few words about some "performing" we all have to do if the United States is to have an effective foreign policy.

I've been giving a lot of speeches lately. Most of them have been about U.S.-Soviet relations and the meaning of Reykjavik, our human rights concerns, and arms control. I don't want to downplay these subjects. They're fundamental components of our foreign policy. But the Soviets and arms control aren't the only issues needing attention right now. Tonight, I'd like to take a breather from them and raise some other issues much closer to home that are just as urgent and just as important to our security.

My message tonight is simple: right now, the United States has a tremendous number of things going for it around the world—we have a winning hand; we've got to be allowed to play it—yet, we're on the verge of throwing away recent and potential gains instead of building on them for the future.

That's a double-edged message, I know. But then, American foreign policy is not a monolithic enterprise. It has always rested on two pillars, two mutually supporting traditions of political thought—and on two branches of government, the executive and the Congress, that formulate and conduct our foreign relations. It started right here in Philadelphia, where our Founding Fathers set down the documents that ever since have shaped our ways of thinking and our institutions of government.

And I might say that I had the privilege and the fun of coming here to Philadelphia a little early and renewing my acquaintance, my wife and I, with Independence Hall and the Liberty Bell, and we wandered around and listened and breathed that air and saw where George Washington sat and Thomas Jefferson sat, and so on. It's just a great, thrilling tradition to be here and to have a chance to visit those places and, I might say, to speak here to the Locust Club against the background of the American flag.

Now, one of those documents—the Declaration of Independence—left us

with a tradition of idealism. It set forth a revolutionary statement of human rights. It said that those rights were the sacred trust of all mankind; a legacy for all places and times.

Another document—the Constitution—gave us a complementary tradition of pragmatism. It spoke of the limits of human action and political power. It gave us practical ways of resolving competitive interests for the common good. The legacy of the Constitution was realism.

In our best moments, we've understood how these complementary traditions interact. We've tried to keep our immediate attention focused on the possible and our broad vision elevated toward the ideal. The statesmen of the postwar era—I guess I'm showing my age—the post-World War II era—were masters of that art. They understood that realism and idealism weren't competing forces but mutually supporting components of an effective foreign policy. And they used that insight to create the great institutions of the postwar order. They sustained our involvement in a political system of global scope; and they helped to build a global economic system. They said we shouldn't retreat from realities but turn them to our advantage—and to the attainment of our ideals. Their creation was both an intellectual effort and an act of learning and vision applied. And it has worked.

But we Americans have had our lesser moments as well. Sometimes, when our vision got blurred or lost its focus on reality, we've wavered between crusading involvement in the world and an isolationist indifference to it. Take the 1930s. What did we learn from the Smoot-Hawley tariff? What did we learn about the dangers of countries in various parts of the world raising barriers to trade and closing in on themselves? What did we learn by ignoring aggression in supposedly faraway places—like Europe and Asia?

What we learned was that withdrawal was a recipe for global economic depression and world war. At least, that's what we *should* have learned. But you have to wonder how well we learned it when you see similar pressures mounting today for contemporary forms of isolationism. We need to watch ourselves when we start divorcing ourselves from that creative tradition of

idealism salted with ample doses of reality. And I'm distressed to say that today seems to be one of those times.

The Mismatch of Ends and Means

The warning signs of isolationism are increasingly evident. We see them in calls for economic protectionism—which would only bring on retaliation by our trading partners and damage us strategically, politically, and economically. We see them in the attempts to substitute moralism for policy toward friendly nations who fall short of our own hard-won and hard-gained standards. We see them in pressures for maintaining the nuclear *status quo* rather than exploring, as the President wants to do, negotiated approaches to reducing nuclear arms. And we see them in resistance to investigating new technologies which might give us some protection against nuclear weapons—like the President's Strategic Defense Initiative.

It's the 1930s all over again. The desire to wash our hands of a troublesome world seems to be a recurrent—and peculiarly American—temptation.

That temptation appears most starkly in the unrelenting assault on our foreign affairs budget, which is now under the indiscriminate knife of congressional surgeons. Last January, President Reagan submitted to Congress an international affairs budget for fiscal year (FY) 1987 that we had stripped to the bone. It amounted to less than 2% of the total Federal budget. That minimal request was cut by the Congress by 20%, a reduction with far more threatening effects than even that substantial percentage implies. After congressional earmarkings and other constraints on our spending are taken into account, the bulk of our foreign affairs operations will have to be cut by a third and security assistance by about 50%. That's a big cut.

Let me be clear about the dangers of this misguided economizing. We are not talking about just another bureaucratic battle for funds. The deep cuts in our foreign affairs resources are now dangerously widening the gap between our interests and our capabilities for pursuing them. In effect, we are being asked to play Russian roulette with our international interests and our national security.

Here are just a few examples of the dangerous disparity between our increasingly meager resources and our widely supported foreign policy objectives.

Number one, in the past few months, we've seen extraordinary concern about the dangers of illegal drugs. That concern is legitimate and long overdue. I might say that the President and Nancy Reagan have been giving magnificent leadership to this war on the illicit drug traffic, and our hearts and our hands have to go out and help them. Illegal narcotics ravage the bodies of their victims and the spirit of society at large. They encourage the kind of lawlessness that reduces civilization to a Hobbesian state of nature, making life all too "solitary, poor, nasty, brutish, and short" for victims of the traffic.

Nor is our own society alone in suffering the effects of the drug trade. Elsewhere, it's even worse. Traffickers thrive on chaos, and their parasitical efforts to intimidate so-called host governments destroy political integrity. In Latin America and other crop-producing regions, drug traders collude with terrorists and radical guerrillas against their common enemies: the rule of law and the stability of civilized society.

For all of these reasons, we are witnessing widespread anxiety around the country and around the world about the effects of illegal drugs. There is broad public support for using every available resource against the drug trade at home and abroad. In fact, I can't think of any single issue that has mustered more support among our citizens and public officials than the war on drugs.

But this concern is falling victim to false economizing. Stemming the flow of illegal narcotics into the United States is a costly enterprise. It is a battle that must be waged on two fronts. First, we need funds to enforce the law, to eradicate crops, and to educate people to the dangers of narcotics. And here let me give you the good news: Congress has allotted us generous funds for all of these purposes.

But there is a second side to the drug problem—one that involves the political and economic realities of crop-producing countries. You can't just force peasants—many of them impoverished—to stop growing their best cash crop without offering them some sort of economic alternatives. You can't expect the governments of these nations—many of them desperately poor and weakened from within by the gangsterism and terror endemic in the trade—to launch major programs without the economic resources necessary to sustain them. Yet, to take an important example, aid for the Andean countries—Bolivia,

Colombia, Ecuador, and Peru—will be practically eliminated by the draconian budget cuts recently enacted by Congress.

So we're left with a paradox. America is determined to act against the drug scourge, but unable to translate that determination into programs effective enough to make a difference.

That same paradox can be found in our efforts to thwart another problem that cuts to the heart of American society: terrorism. In the past few years, the United States has taken important steps against this barbarism of our age, and we have done so with the clear support of Congress and the American people. Judging by the results of last spring's Tokyo summit, our allies are more in agreement with us than ever about the seriousness of the terrorist threat.

That threat was highlighted just last week by clear evidence that Syria was directly involved in an attempt to murder hundreds of innocent travelers—including more than 200 Americans—by bombing an airliner in midflight. This complicity was confirmed by Great Britain through independent judicial proceedings. Syria was caught redhanded. Britain responded immediately by breaking diplomatic ties and banning other contacts with Assad's regime. The United States applauds the British move. Together with Canada, we immediately offered meaningful support to Britain's decision. And we will do more.

Yet now, of all times, the United States is having trouble of its own in the battle against terrorism. Our hearts are in the right place; but where are our resources? After years of educating our own citizens and our allies, after years of building a consensus, America's hands seem financially tied.

To fight terrorism, we need accurate and up-to-date reporting on political conditions around the world. We need good operational intelligence, so that planned attacks can be identified and thwarted. We're doing a better job of that. Bear in mind that over three-quarters of the reporting and analysis used by the U.S. Government comes from Foreign Service officers at embassies around the world. Yet the State Department may have to reduce sharply its full-time work force. And we are likely to have to shut down another 10 consulates, in addition to the seven posts already being closed.

And that's not all. We also need resources to protect these same embassies against our enemies. Yet the probable effect of congressional action on our foreign affairs budget will be

to slow substantially our proposed diplomatic security program.

Let me give you a third example of how indiscriminate cuts are threatening our most widely held goals. Over the past few years, America's strength and example have boosted the forces of freedom in diverse corners of the globe. We have seen our influence constructively at work in the Philippines, in Haiti, and across the continent of Latin America. The democratic reawakening in these countries has been a matter of great pride to America and a source of political and strategic gain to the entire free world.

Yet the work that awaits the leaders of this new democratic generation has only begun. Democratic transitions are fragile. They require careful nurturing and constant vigilance against adversaries both within and without. Many newly democratic governments face Marxist-Leninist insurgencies inside their countries. Others border on communist nations that are armed to the teeth and in an expansionist mood.

Look at Central America, where three democratic countries—Costa Rica, Honduras, and El Salvador—neighbor the communist police state of Nicaragua. Costa Rica has no army. The combined forces of Honduras and El Salvador do not match Nicaragua's massive buildup—a buildup managed and supplied by the Soviet Union. Naturally, these democratic nations are turning to us for support. We simply must come through in support of freedom, democracy, and the rule of law.

People think we should help countries like Haiti. I feel that wherever I go, I've been there; I do, too. People think we should help the Philippines; and I do, too. But help means money; and money is not in this foreign affairs budget. The Caribbean countries alone—we say the Caribbean is so important to us—the Caribbean countries alone may have their aid cut by more than two-thirds.

Even the powerful, global force of America's example is shrinking as funds for USIA [United States Information Agency]—our primary voice abroad—are reduced below minimal levels. For years, the United States has fallen behind the Soviets in telling our own story to the world. Today, instead of catching up—which we have been doing, and fast, under the great leadership of Charlie Wick, working with the President—we are in danger of falling even further behind. At a time when a vigorous leadership in the Kremlin is showing heightened interest and sophistication in using propaganda to undermine public

THE SECRETARY

confidence in our policies, we are being forced to reduce broadcasts of the Voice of America and close American libraries and cultural centers abroad. It doesn't make any sense.

What else will these cuts do to us? I could go on and on, but here are just two more examples.

- Except for items already earmarked—in other words, the Congress puts a mark on them and says, "You've got to spend this much money on this project"—our economic assistance to many countries around the world will be reduced by more than half from last year's levels. This assistance helps these countries develop more healthy economies and helps us maintain close relations with them. That's important to us. These are often countries where we have bases vital to our defense and the security of our allies.

- Right now we have a plan—called the Baker plan—that has caught people's imagination and attention. It's a constructive approach to encouraging growth in the developing countries so that they can do more to help themselves, provide a better market for our products, and get over their welfare dependency on the West. Obviously, we need money to get the plan in action. But we're supposed to cut a third of our funding for the multilateral banks on which the plan depends. We're cutting ourselves off at the knees.

Bipartisan Gains at Risk

All of these examples point to the same dismal fact. The United States is drifting and stumbling toward a weakened global position. I could at least understand it if this were a purposeful policy; but we're deluding ourselves that we can conduct an effective foreign policy without money.

Ironically, this trend is developing alongside a contrary movement that is advancing our interests, our influence, and our ideals. Maybe our very strength misleads us into thinking we can have influence without applying ourselves. Maybe our isolationist tendencies only surface when we feel strong enough to ignore the rest of the world. Whatever the reason, we need to wake up to all that we are placing in jeopardy by this thoughtless exercise in false economizing.

One of the trends in our favor today is the systematic transformation now occurring in the global economy. It's the information revolution. Just as we left the agricultural age a hundred years ago, we're now moving beyond the

industrial age. To be sure, we still produce the same proportion of manufacturing goods, as a fraction of our GNP, that we did 20 years ago—but more efficiently. But the cutting edge of change, and our new comparative advantage, is elsewhere. If you look for a symbol of our economy and society today, it isn't the blast furnace, or the smokestack, or the assembly line—it's the computer, the microchip, the direct broadcast satellite.

From a technological standpoint, from a strategic and political perspective, what's happening is very much to our potential benefit. Success in the information age depends on openness—openness to ideas, to innovation, to the free flow of data. Countries which can accommodate this openness will reap its rewards. Those which can't, won't. How are states that keep the Xerox machine under lock and key going to cope? The answer is that the future is already receding for them. For us, it holds out enormous promise—if we stay open to the world and don't impose our own barriers.

Our economic message about open markets and individual initiative is reverberating around the world. I can tell you from my own experience in the annual economic summits that the terms of economic debate have changed decisively among the industrialized democracies.

And the economic message of markets and entrepreneurship has gone even further. Last May, at a special session of the United Nations, the African nations issued an extraordinary statement repudiating planned economies and supporting more open economic systems. Essentially, they said: "We blew it. Our command economies didn't work; and now we have to do things differently."

The attitude toward freedom has changed too. Once it was fashionable to say that the democracies of the world were on the wrong side of history. Not anymore. The freedom fighters have changed all that. The people of the Philippines and Latin America have changed all that. They're showing the world that freedom is neither the luxury of a few, nor a cultural peculiarity of Western societies. It can work all over the world.

Restoring the Balance

Let me summarize these thoughts with a few words about the strategic dangers of inadequate funding. The serious mismatch between our policies and our resources creates vacuums that others can—and will—exploit to their own advantage. And it encourages confusion

among friends and adversaries alike about the scope and aims of American policy.

The disturbing fact is that we've seen all this before; yet apparently we have forgotten the lessons of the 1930s. But today's pressures for withdrawal add up to isolationism with a dangerous difference. For just as America's power in the postwar world has grown at an exponential rate, so too have the risks of indifference.

For nearly half a century, the United States has shouldered its responsibilities as leader of the free world and the champion of those struggling to join us. Through our efforts, we have made enormous gains in advancing our own interests and our ideals. Our prosperity, our technological dynamism, the vitality of our alliances are all making us a force for progress as never before. We hold the winning hand—if we only persevere. The force of our example is a mighty reality in the world; but by itself, it cannot burn a narcotics crop, thwart a terrorist, or deter a communist army. We must not permit our capacity for constructive leadership to atrophy for lack of adequate funding.

Over the past 6 years, Republicans and Democrats have made important strides toward reaching a consensus about the challenges and opportunities before us as this century comes to a close: realism about Soviet aims, appreciation of the need for a strong defense, and solidarity with allies and friends. Despite some controversial exceptions, our domestic debate has been marked by common cause toward our policies and goals. You don't hear much these days about the erosion of American power or self-confidence. You don't hear much about political malaise or lack of national purpose.

We must use our consensus, and our momentum, to restore the budgetary resources needed to conduct a responsible foreign policy. We must rise above the procedural complexities of congressional-executive branch relations to forge a foreign policy that will enable the national interest to prevail.

You are an audience of informed and influential citizens. You can help shape our public debate so that we do not repeat the isolationist mistakes of the past. I urge you to let your elected officials know that there is broad support for an active and properly funded foreign policy. With your help, we can realize the extraordinary opportunities before us.

¹Press release 240 of Nov. 4, 1986. ■

Promoting Inter-American Cooperation

Secretary Shultz's address before the General Assembly of the Organization of American States (OAS) in Guatemala City on November 11, 1986.¹

Let me begin by thanking President Cerezo and the people of Guatemala for inviting us to meet here. Their offer to serve as hosts of this General Assembly clearly expresses the progress Guatemala is making in putting democratic ideals into practice. I welcome the opportunity to be here, and I salute Guatemala's new democracy.

I also want to pay a personal tribute to President Duarte and the Salvadoran people. During my brief visit to San Salvador last month, I was moved by the determined effort they are making to rebuild their shattered capital. President Duarte and the Salvadoran people are again showing that they have what it takes to build a democratic society. They deserve our admiration and respect, as well as our support.

Guatemala and El Salvador are both leaders in a revolution that is transforming the hemisphere. Latin America is conclusively demonstrating that the democratic form of government has universal meaning, that it is not just a luxury for wealthy industrial societies. On the contrary, democracy, by freeing untapped social energies and providing opportunities for their productive exercise, can serve as the foundation for material prosperity and social progress in our hemisphere.

President Reagan captured the essence of the relationship between freedom and progress when he noted:

Everywhere, people and governments are beginning to recognize that the secret of a progressive new world is the creativity of the human spirit. . . . Our open advocacy of freedom as the engine of progress [is one of] the most important ways to bring about a world where prosperity is commonplace, conflict an aberration, and human dignity a way of life.

My remarks today address three issues central to this assembly, to the political and economic vitality of our region, and to cooperation among the governments of the hemisphere. They are: combatting the traffic in illegal drugs; restoring economic growth; and consolidating the democratic gains that are essential to political stability and regional security.

Combatting Illegal Drug Traffic

The Specialized Assembly on Narcotic Drugs, held in Rio de Janeiro last April, unanimously proposed that the OAS undertake an action program on drug abuse and drug trafficking. That program is now before us for final approval.

The Inter-American Program of Action Against Drug Abuse expresses the shared recognition of our governments that the production and consumption of illegal narcotics, and traffic in them, constitute intolerable threats to our security. We all agree that these challenges must be met by joint action on a truly hemispheric basis. No nation is totally free from production, trafficking, or abuse. There has been an explosion in the cocaine traffic that exploits millions of coca growers at one end of the production-transportation-consumption chain and enslaves millions of users at the other end. Drug-producing countries, which may have thought they were immune from the effects of consumption, are now confronting the corrosive impact of drug abuse in their own societies.

Drug abuse is both a moral insult and a national security challenge. Its effects cut across all regional, political, economic, and social boundaries. Drugs do not discriminate between rich and poor, user and pusher. All of us are victimized.

The economic and social toll of the drug trade is enormous. Our societies are paying a price far greater than the grotesque profits that traffickers daily extort from our citizens. Countless individuals—government officials, judges, journalists, and ordinary citizens—have been assassinated by the traffickers and their hired guns. As they pursue their destructive ends, drug traders endanger our children, our family structure, and our very way of life.

Two years ago in Miami, I said that narcotics trafficking is the "modern-day equivalent of piracy." Today, we find narcotics traffickers allying themselves with terrorist groups and political extremists, seeking safehavens from justice, respecting no international boundaries, and recognizing no loyalty beyond their commitment to obscene profits.

We can only counter this international coalition of the lawless with an even stronger and more resolute alliance of the democracies of the Americas.



Thus, we must take the lead in creating a climate of outspoken intolerance against those who live outside the law; against those who prey on the innocent; against those who challenge our common democratic values. President Reagan has committed the prestige of his office, the leadership of his personal example and that of our First Lady, the energies of his immediate staff and of the Federal Government in leading America to become a drug-free society. That is our object, a drug-free society. On October 27, the President signed the Anti-Drug Act of 1986. This sweeping legislation doubles the budget of U.S. agencies involved in drug enforcement and anti-drug educational activities; stiffens prison sentences, with a provision for a mandatory 10-year minimum sentence for major traffickers; and introduces a host of new initiatives aimed at reducing demand for drugs in the United States and strengthening our cooperation abroad.

We must also work together to make drug trafficking an unprofitable activity. Despite enormous difficulties, governments from Bolivia to Mexico are beginning to strike back. Two years ago, only two countries were eradicating narcotics crops; today, 15 countries in the world are engaged in eradication programs—on the ground and from the air. We are expanding regional cooperation and forging national and international solutions to the scourge of narcotics. We can be proud of this progress.

Still, the road ahead is long and arduous. More, much more, remains to be done. Our approach has to be based on regional cooperation rather than local or national initiatives; otherwise, traffickers will simply move their operations across the nearest border. The keystone of the regionwide program we are to approve here will be a new Inter-American Commission on Drug Abuse Control. The commission will be composed of senior government representatives in the area of narcotics control. It will be supported by an Executive Secretariat to carry out technical assistance projects and operate three programs: regional training centers, a central data bank, and a documentation center.

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As a strong believer in multilateral cooperation, I welcome the creation of this inter-American commission. With its Secretariat, the commission will perform precisely the kind of work the OAS is best suited for: the study of common problems and the coordination of our efforts to achieve a more efficient division of labor in confronting the problems of our hemisphere. Our concerted attack on the drug scourge is urgently needed, and I believe it is destined to succeed. For too long, our societies have not faced up fully and squarely to the giant narcotics trafficking empire; and our individual and bilateral actions were not adequate to the challenge. Today, we all understand that through inter-American cooperation, narcotics organizations can and will be crippled. And success in that effort will yield additional dividends in terms of cooperation in other fields of endeavor.

Restoring Economic Growth

We turn to the field of economics: cooperation on economic matters is also critical for all of us. The nations of Latin America have faced difficult circumstances in recent years as the recession and debt crises have compromised prospects for economic growth. But the potential is greater than ever, and I believe we are now back on the road to long-term and self-sustaining growth. A joint report by Brazilian, Mexican, and U.S. research institutions concludes that "the world environment is improving" for "a strategy centered on outward orientation, new market incentives for savings and investment, and a fundamental shift in the role of the state."

We must reject policies that, by stifling individual initiative, perpetuate poverty. Freedom is the key to development—freedom of the entrepreneur to innovate, to invest, to move capital and freedom of the market to set wages, prices, interest rates, and exchange rates. Without the foundation of freedom, foreign loans and aid will have, at best, short-term effects in economies incapable of sustaining long-term economic growth.

There is growing recognition of this reality in Latin America. Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, and Uruguay are among the countries that have taken major steps to construct more market-oriented economies, to reduce inflation, and to encourage entrepreneurship.

Guatemala and other Central American

countries have taken encouraging steps toward stabilization. In most countries, however, more work needs to be done on domestic reform. The United States, too, has plenty of work to do on its own fiscal problem: our way-too-large budget deficit. We must all make a genuine commitment to removing those impediments that limit growth, discourage external capital flows, and encourage capital flight. The United States stands ready to support such efforts.

In October 1985, at the annual meetings of the International Monetary Fund and the World Bank in Seoul, the United States proposed that the international community undertake a major, coordinated Program for Sustained Growth. It became known as the "Baker plan." This effort, we asserted, must focus on growth-oriented structural reforms supported by the international financial community.

I might say that during this long-term effort we went through a stage where the answer to the problem seemed to be austerity. And, of course, there are, no doubt, instances where austerity in various forms is essential. But I think we all see that certainly the basis of the Baker plan is that in the longer run the answer to our debt problem, let alone all other problems, is not austerity; it is growth: economic growth is what we have to get.

The International Monetary Fund and the World Bank have developed activities in support of the program for sustained growth. We must work together to ensure that the Inter-American Development Bank (IDB) becomes an active participant in this program. This new role for the IDB is under discussion as an integral part of the 7th replenishment negotiations. We believe that agreement can be reached on an increase in the IDB's lending program to support the domestic reforms necessary for sound development.

Trade is another and indispensable element of the "global bargain" I outlined last year. An open global commercial system responsive to changing economic conditions is a stimulator of growth. Maintenance and expansion of such a system require that all countries—developed and developing—resist domestic pressures for protectionist measures. We must take positive, market-opening actions that eliminate unfair trading practices and expand market access for goods and services.

We have together taken a major step in that direction in Uruguay this past September with the successful launching of the current round of multilateral

trade negotiations under the auspices of the General Agreement on Tariffs and Trade, known as the GATT. Twenty Latin American and Caribbean countries are now members of the GATT. They have an important role to play, and their participation will be enhanced if more countries of the region join them in seeking improved trading opportunities.

But what of the U.S. role? The United States historically has championed free trade. We believe that an international trading system based on free trade is the best assurance of prosperity for ourselves and for the rest of the world.

Free trade has also clearly benefited Latin America. The U.S. trade balance with the region went from a \$1 billion surplus in 1981 to a \$19 billion deficit in 1985. In 1985, Latin America exported \$103 billion worth of goods and services; of this, \$49 billion went to the United States—just about half.

We have taken the lion's share of the increase in Latin American exports since the onset of the debt crisis. We are proud of our record in keeping our markets open, and we will stress to our trading partners the critical importance of a common effort to keep the international economy open.

Without such an effort, the protectionist forces now at work in the United States will find easy justification for their destructive policies. The Reagan Administration has vigorously opposed protectionist legislation. We know full well that untold damage would be done to the world's—and, in particular, to Latin America's—chances for prosperity if we succumb to the pressures for these shortsighted measures.

We have not won every battle against protectionism, but we have won the most important ones. President Reagan vetoed restrictions on copper and footwear. His veto of the highly restrictive textile bill was recently, if narrowly, upheld. Congress adjourned without passing other, broader protectionist legislation that had been introduced, and, in fact, one passed the House of Representatives. These protectionist forces will reemerge next year. You can count on it! And you can count on President Reagan's determination to continue the fight. But we need your help!

We in the United States cannot help but observe that many other countries do not maintain markets as open for U.S. goods and services as our markets are open for foreign manufactures and services. If we are to win the war against protectionism, we must

demonstrate, through progress in bilateral discussions and in the new trade round, that we are taking effective action to broaden global trading opportunities for everyone—including U.S. exporters.

I've stressed the necessity of restoring growth to the hemisphere, because growth is the best way to deal with the debt problems, and the only way to improve living standards. Recent movements in interest rates and exchange rates have favored the renewal of growth. Since 1981—it is interesting to look back; it is only 5 years ago—international interest rates have dropped from around 17% to around 6%. It's a huge decline. For each percentage point reduction, the eight major debtor countries save approximately \$2 billion per year. So, let us do a little arithmetic here: 17 minus 6 equals 11 multiplied by 2 equals . . . and that is how much per year: \$22 billion, approximately per year. And that ain't hay, as they say. However, a severe drop in private capital flows—from \$49 billion in 1981 to \$27 billion in 1982, to less than \$6 billion in 1985—remains a major constraint on higher growth in the hemisphere. Advances in regional growth have been financed almost entirely from official lending, international trade, and some structural adjustments in a few countries.

To address this problem, the OAS held a special meeting in San Juan this year on domestic and foreign capital flows. That meeting concluded that more has to be done to encourage the investment of private capital. You have a report on that meeting before you, and I hope you will approve it. Each nation is responsible for creating the conditions that will establish confidence among investors. Many countries in the hemisphere are moving in that direction, but much, much more needs to be done. Sustained reforms and an improved overall climate for investment—foreign and domestic—are crucial to achieving our goal of growth.

Consolidating Democratic Gains

As was stated so eloquently by many during our informal dialogue, economic and political freedom go together. The Charter of the Organization of American States proclaims that "the historic mission of America is to offer man a land of liberty." The resurgence of democracy is putting us in a better position than ever to fulfill the promise of the Charter.

As an expression of our commitment to democracy, last year we all agreed to an addition to the Charter that states, "Representative democracy is an indispensable condition for the stability, peace, and development of the region." Democracy is the practical expression of self-determination. The solidarity it creates increases security from foreign intervention.

It is vitally important that all of us in this organization have a clear agreement on the priority of democracy and on the relationship between democratic government and the other fundamental principles of inter-American cooperation. Democracy, security, political stability, and economic development are not separate, free-floating concepts. On the contrary, they are closely linked. Self-determination cannot be denied without weakening democracy. A threat to security challenges the principle of nonintervention. The United States believes these principles must all be defended.

Let me take the crisis in Central America as an example.

- The United States does not want any Central American country to become a threat to the stability or security of its neighbors.
- The United States wants pluralistic democracy and economic and social development to thrive in Central America.
- The United States believes that the people of Central America can achieve peace, development, and justice without external interference, by their own decisions and based on their own experiences.

The challenge to these principles does not come from the United States. Does anyone really think the United States wants to turn Central America into a vortex of East-West turmoil? The United States provided aid to help Nicaragua rebuild after the fall of Somoza in 1979. And for a period there, the per capita flow of aid from the United States was the highest of any flow to any country in the world. So what did the Nicaraguan communists do? They sought arms from the Soviet bloc and used them to deny the Nicaraguan people their right of self-determination.

The United States accepted the new Nicaraguan junta's pledges of democracy and nonalignment. But what are the Nicaraguan communists doing? They are intervening in the internal affairs of their neighbors. The Nicaraguan regime is fundamentally destabilizing to Central America; and instability there will have

its effects throughout the hemisphere. As Costa Rican President Arias told us at this fall's UN General Assembly, reading from the speech:

There is no respite from the path chosen by the *comandantes* who betrayed a revolution destined to give democracy to generations who knew only repression. There is no respite for a people, frustrated and deceived, who have returned to civil war. There is no respite for neighboring lands, who feel the threat from a new dogmatic totalitarianism and who suffer now the consequences of a border rife with anguish and disenchantment.

So spoke President Arias in the UN General Assembly, the President of Costa Rica.

The regional arms race launched by the *comandantes* is a matter of grave concern to us. They displayed it the other day. With the assistance of the Cubans and the Soviets, they have built the largest military establishment in Central America's history. It is impossible to imagine peace and stability returning to the region until this massive growth in armaments is constrained and ultimately eliminated.

We must not forget, however, that the external relations of the regime in Managua are not the core of the challenge they pose to us. That core is their perversion of the principles of the revolution against Somoza. As we in this organization know particularly well, they came to us and we helped them; the *comandantes* have systematically violated the solemn democratic undertakings with which they obtained domestic and international support. As long as the legitimate desires of the Nicaraguan people for genuine democracy are repressed, the inevitable result will be rebellion, insurgency, and civil war.

We cannot give lip service to democracy when it is convenient and costless, but then turn our backs on it when there are costs or risks. Foreign intervention in the form of alien ideologies and foreign cadres—from Cuba, the Soviet Union, East Germany, North Korea, even Vietnam and Libya—is, at this very moment, promoting instability and violence in Central America. Failure to confront this threat will only guarantee that the region will be increasingly drawn into great power rivalries. The only road to peace and stability is to eliminate that alien intervention.

The Contadora process could be an important component of our efforts to make the practice of democracy universal in Central America. We supported the Contadora process from the start for two reasons. First, we saw it as a way of

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addressing both the political and security issues underlying continued instability and violence in Central America. And second, it offered the prospect of producing regional solutions to regional problems. We were, and are, prepared to support a comprehensive, simultaneous, and verifiable agreement that will attain the 21 objectives agreed to by the Contadora nations in 1983—all of them.

Unfortunately, nearly 4 years of effort by the Contadora countries and, more recently, by the Contadora support group have not produced a workable agreement. The *comandantes* continue to act as an armed vanguard against their people and their neighbors. But Central America's democracies will not be intimidated. They are insisting on a negotiated solution that will satisfy the interests of all the countries of Central America and of the hemisphere.

We must also affirm that threats to democracy and regional security are not confined to Central America. Those countries which have consistently pursued the principles of democracy, and those which have recently returned to them, have an obligation to hasten a democratic transition in all the remaining nondemocratic nations of the hemisphere. In our recent relations with Chile, for example, we have made absolutely clear our strong support for a prompt and successful return to democratic government.

We also have an obligation to offer our moral, political, and material support to those peoples already struggling to implant true democracies in their countries. I particularly have in mind the heroic efforts of the Haitian people and their leaders to overcome generations of tyranny and build democracy virtually from the ground up. I want to commend the Secretary General for his initiative on Haiti. The United States is prepared to support it.

The danger of foreign intervention and exploitation of instability is present wherever democracy and human rights have been systematically denied. The recent discovery in Chile of several secret arms caches is a vivid but by no

means isolated example. The caches contained a mixture of new Soviet-bloc arms and secondhand American weapons. The American weapons had been left behind in Vietnam and were similar to ones the Soviets and Cubans have, in recent years, shipped to subversives in Colombia, El Salvador, Guatemala, Honduras, Jamaica, and other countries of the region. If you bear in mind the recent assassination attempt against the Chilean President, these arms caches were most likely meant for use in the context of a post-Pinochet government—in other words, against a democratic outcome in Chile, more than against the present government. Such interventions will continue if we relax our vigilance or if we waver in our support for democracy and justice in the Americas.

Conclusion

It is clear that we who live in this hemisphere face a series of common challenges to our security and well-being: the powerful and lethal alliance of terrorists and drug smugglers; major problems of economic growth; the vestiges of authoritarianism; and communist subversion supported by the Soviet Union, Cuba, and Nicaragua.

Each of these challenges—alone or in combination—threatens the great progress we have achieved. But we cannot deal with them if we are divided. Unless we join forces in common battle against common foes, we will not be successful in defending our vital interests and our shared ideals.

To be sure, our tasks are demanding. But their cost is far less than the price of inaction. If we fail to launch a hemisphere-wide attack on narcotics traffickers and drug abuse, the very future of our next generation will be in jeopardy. If we do not improve the economic well-being of our people, the great promise of democratic self-government will go unfulfilled. And if we do not make the Americas a region of secure freedoms, we will betray our most fundamental values and convictions.

In addressing these great challenges, we can draw encouragement from a most important discovery. We have once again discovered that freedom is a revolutionary force. Dictatorships—whether of the left or the right—are not permanent. Not so many years ago, democratic nations were thought to be a dwindling minority. Today, we see that the vitality of the democratic idea is the most important political reality of our time.

What we are witnessing is the re-creation and growth in our hemisphere of a genuine democratic community. When the people of Guatemala, or Venezuela, or Brazil go to the polls, they advance the cause of freedom not only in their own country but throughout the Americas. Everywhere in the region, people understand that the future of their freedom is closely tied to the fate of freedom elsewhere. They know that the success of their democratic government is enhanced by cooperation and mutual support among democratic leaders and peoples everywhere. And they realize that regimes which deny the right of democratic self-government pose an inexorable threat to peace.

Perhaps our fellow Foreign Minister Edgar Teran of Ecuador said it best this past September, again, at the United Nations. Reading what he said:

In the end, so long as democracy does not find true and effective expression, so long as there is no setting aside the practice of forcibly compelling people to accept regimes which they have not themselves freely chosen, so long as it is impossible for many to live in their own country, dominated by tyrannical elements, peace will be a distant and almost contradictory aspiration.

And so he said. I agree with him.

We can and must work together to end tyranny in all of Latin America. We must eradicate the scourge of narcotics. And we must stimulate the economic growth that will build a better life for our people. Let the New World stand as a vital example of human dignity and democratic self-government, to men and women everywhere.

¹Press release 249 of Nov. 12, 1986. ■

Nuclear Weapons, Arms Control, and the Future of Deterrence

Secretary Shultz's address before the International House of Chicago and The Chicago Sun-Times Forum at the University of Chicago on November 17, 1986.¹

I'm delighted to be back here at the pinnacle, and I come here to the University of Chicago to talk about nuclear weapons, arms control, and our national security. These issues have been given special timeliness by the President's recent meeting with Soviet General Secretary Gorbachev in Reykjavik. In years to come, we may look back at their discussions as a turning point in our strategy for deterring war and preserving peace. It has opened up new possibilities for the way in which we view nuclear weapons and their role in ensuring our security.

Questions for the Future

We now face a series of questions of fundamental importance for the future: how can we maintain peace through deterrence in the midst of a destabilizing growth of offensive nuclear weapons? How can we negotiate a more stable strategic balance at substantially lower levels of offensive forces? How can we use new defensive technologies to contribute to that stability? How can the West best seek to reduce its reliance on offensive nuclear weapons without running new risks of instability arising from conventional imbalances?

These are exceptionally difficult and complex issues. They go to the heart of our ability as a democratic nation to survive in a world threatened by totalitarianism and aggression. These questions should engage the best minds in American society, and, of course, they have to be treated at reasonable lengths so the best minds have to have a half-way decent attention span. So that's why I have come to speak to this particular audience at the University of Chicago. So this isn't going to be an easy speech, or a short one. I'll ask that you listen carefully, and I hope that you'll reflect at greater length on the text of my remarks.

Forty-four years ago, and about 200 yards from where I am now standing, mankind generated its first self-sustained and controlled nuclear chain reaction. Enrico Fermi's crude atomic

pile was the prototype for all that followed—both reactors to generate energy for peaceful uses and weapons of ever-increasing destructiveness. Seldom are we able to mark the beginning of a new era in human affairs so precisely.

I'm not here tonight to announce the end of that era. But I will suggest that we may be on the verge of important changes in our approach to the role of nuclear weapons in our defense. New technologies are compelling us to think in new ways about how to ensure our security and protect our freedoms. Reykjavik served as a catalyst in this process. The President has led us to think seriously about both the possible benefits—and the costs—of a safer strategic environment involving progressively less reliance on nuclear weapons. Much will now depend on whether we are far-sighted enough to proceed toward such a goal in a realistic way that enhances our security and that of our allies.

It may be that we have arrived at a true turning point. The nuclear age cannot be undone or abolished; it is a permanent reality. But we can glimpse now, for the first time, a world freed from the incessant and pervasive fear of nuclear devastation. The threat of nuclear conflict can never be wholly banished, but it can be vastly diminished—by careful but drastic reductions in the offensive nuclear arsenals each side possesses. It is just such reductions—not limitations in expansion but reductions—that is the vision President Reagan is working to make a reality.

Such reductions would add far greater stability to the U.S.-Soviet nuclear relationship. Their achievement should make other diplomatic solutions obtainable and perhaps lessen the distrust and suspicion that have stimulated the felt need for such weapons. Many problems will accompany drastic reductions: problems of deployment, conventional balances, verification, multiple warheads, and chemical weapons. The task ahead is great but worth the greatest of efforts.

This will not be a task for Americans alone. We must engage the collective effort of all of the Western democracies. And as we do, we must also be prepared to explore cooperative approaches with the Soviet Union, when such cooperation is feasible and in our interests.

The Evolution of Our Thinking About Nuclear Weapons

Let me start by reviewing how our thinking has evolved about the role of nuclear weapons in our national security.

In the years immediately after Fermi's first chain reaction, our approach was relatively simple. The atomic bomb was created in the midst of a truly desperate struggle to preserve civilization against fascist aggression in Europe and Asia. There was a compelling rationale for its development and use.

But since 1945—and particularly since America lost its monopoly of such weapons a few years later—we have had to adapt our thinking to less clearcut circumstances. We have been faced with the challenges and the ambiguities of a protracted global competition with the Soviet Union. Nuclear weapons have shaped, and at times restrained, that competition; but they have not enabled either side to achieve a decisive advantage.

Because of their awesome destructiveness, nuclear weapons have kept in check a direct U.S.-Soviet clash. With the advent in the late 1950s of intercontinental-range ballistic missiles—a delivery system for large numbers of nuclear weapons at great speed and with increasing accuracy—both the United States and the Soviet Union came to possess the ability to mount a devastating attack on each other within minutes.

The disastrous implications of such massive attacks led us to realize, in the words of President Kennedy, that "total war makes no sense." And as President Reagan has reiterated many times: "a nuclear war cannot be won and must never be fought"—words that the President and General Secretary Gorbachev agreed on in their joint statement at Geneva a year ago.

Thus, it came to be accepted in the West that a major role of nuclear weapons was to deter their use by others—as well as to deter major conventional attacks—by the threat of their use in response to aggression. Over the years, we sought through a variety of means and rationales—beginning with "massive retaliation" in the 1950s up through "flexible response" and "selective nuclear options" in the 1970s—to maintain a credible strategy for that retaliatory threat.

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At the same time, we also accepted a certain inevitability about our own nation's vulnerability to nuclear-armed ballistic missiles. When nuclear weapons were delivered by manned bombers, we maintained air defenses. But as the ballistic missile emerged as the basic nuclear delivery system, we virtually abandoned the effort to build defenses. After a spirited debate over antiballistic missile systems in the late 1960s, we concluded that—on the basis of technologies now 20 years old—such defenses would not be effective. So our security from nuclear attack came to rest on the threat of retaliation and a state of mutual vulnerability.

In the West, many assumed that the Soviets would logically see things this way as well. It was thought that once both sides believed that a state of mutual vulnerability had been achieved, there would be shared restraint on the further growth of our respective nuclear arsenals.

The Antiballistic Missile (ABM) Treaty of 1972 reflected that assumption. It was seen by some as elevating mutual vulnerability from technical fact to the status of international law. That treaty established strict limitations on the deployment of defenses against ballistic missiles. Its companion Interim Agreement on strategic offensive arms was far more modest. SALT I [strategic arms limitation talks] was conceived of as an intermediate step toward more substantial future limits on offensive nuclear forces. It established only a cap on the further growth in the numbers of ballistic missile launchers then operational and under construction. The most important measures of the two sides' nuclear arsenals—numbers of actual warheads and missile throw-weight—were not restricted.

But controlling the number of launchers without limiting warheads actually encouraged deployment of multiple warheads—called multiple independently targetable reentry vehicles (MIRVs)—on a single launcher. This eventually led to an erosion of strategic stability as the Soviets—by proliferating MIRVs—became able to threaten all of our intercontinental ballistic missiles with only a fraction of their own. Such an imbalance makes a decision to strike first seem all the more profitable.

During this postwar period, we and our allies hoped that American nuclear weapons would serve as a comparatively cheap offset to Soviet conventional military strength. The Soviet Union, through its geographic position and its massive mobilized conventional forces,

has powerful advantages it can bring to bear against Western Europe, the Mideast, and East Asia—assets useful for political intimidation as well as for potential military aggression. The West's success or failure in countering these Soviet advantages has been, and will continue to be, one of the keys to stability in our postwar world.

Our effort to deter a major Soviet conventional attack through the existence of opposing nuclear forces has been successful over the past four decades. It gave the industrialized democracies devastated by the Second World War the necessary "breathing space" to recover and thrive. But there has also been recurring debate over the credibility of this strategy, as well as controversy about the hardware required for its implementation.

Over time, we and our allies came to agree that deterrence required a flexible strategy combining both conventional and nuclear forces. This combined strategy has been successful in avoiding war in Europe. But our reliance for so long on nuclear weapons has led some to forget that these arms are not an inexpensive substitute—mostly paid for by the United States—for fully facing up to the challenges of conventional defense and deterrence.

Sources of Strategic Instability

The United States and our allies will have to continue to rely upon nuclear weapons for deterrence far, far into the future. That fact, in turn, requires that we maintain credible and effective nuclear deterrent forces.

But a defense strategy that rests on the threat of escalation to a strategic nuclear conflict is, at best, an unwelcome solution to ensuring our national security. Nuclear weapons, when applied to the problem of preventing either a nuclear or conventional attack, present us with a major dilemma. They may appear a bargain—but a dangerous one. They make the outbreak of a Soviet-American war most unlikely; but they also ensure that should deterrence fail, the resulting conflict would be vastly more destructive, not just for our two countries but for mankind as a whole.

Moreover, we cannot assume that the stability of the present nuclear balance will continue indefinitely. It can deteriorate, and it has. We have come to realize that our adversary does not share all of our assumptions about strategic stability. Soviet military doctrine stresses warfighting and survival in a nuclear environment, the importance of

numerical superiority, the contribution of active defense, and the advantages of preemption.

Over the past 15 years, the growth of Soviet strategic forces has continued unabated—and far beyond any reasonable assessment of what might be required for rough equivalency with U.S. forces. As a result, the Soviet Union has acquired a capability to put at risk the fixed land-based missiles of the U.S. strategic triad—as well as portions of our bomber and in-port submarine force and command and control systems—with only a fraction of their force, leaving many warheads to deter any retaliation.

To date, arms control agreements along traditional lines—such as SALT I and II—have failed to halt these destabilizing trends. They have not brought about significant reductions in offensive forces, particularly those systems that are the most threatening to stability. By the most important measure of destructive capability, ballistic missile warheads—those are the things that hit you—Soviet strategic forces have grown by a factor of four since the SALT I Interim Agreement was signed. This problem has been exacerbated by a Soviet practice of stretching their implementation of such agreements to the edge of violation—and, sometimes, beyond. The evidence of Soviet actions contrary to SALT II, the ABM Treaty, and various other arms control agreements is clear and unmistakable.

At the same time, technology has not stood still. Research and technological innovation of the past decade now raise questions about whether the primacy of strategic offense over defense will continue indefinitely. For their part, the Soviets have never neglected strategic defenses. They developed and deployed them even when offensive systems seemed to have overwhelming advantages over any defense. As permitted by the ABM Treaty of 1972, the Soviets constructed around Moscow the world's only operational system of ballistic missile defense. Soviet military planners apparently find that the modest benefits of this system justify its considerable cost, even though it would provide only a marginal level of protection against our overall strategic force. It could clearly be a base for the future expansion of their defenses.

For well over a decade—long before the President announced 3 years ago the American Strategic Defense Initiative (SDI)—the Soviet Union has been actively investigating much more advanced defense technologies, including directed energy systems. If the United

States were to abandon this field of advanced defensive research to the Soviet Union, the results 10 years hence could be disastrous for the West.

The President's Approach: Seeking Greater Stability

President Reagan believes we can do better. He believes we can reverse the ever-increasing numbers and potency of nuclear weapons that are eroding stability. He believes we can and must find ways to keep the peace without basing our security so heavily on the threat of nuclear escalation. To those ends, he has set in motion a series of policies which have already brought major results.

First, this Administration has taken much-needed steps to reverse dangerous trends in the military balance by strengthening our conventional and nuclear deterrent forces. We have gone forward with their necessary modernization.

Second, we have sought ambitious arms control measures—not agreements for their own sake but steps which could seriously contribute to the goal of stabilizing reductions in offensive forces. In 1981, the President proposed the global elimination of all Soviet and American longer range INF [intermediate-range nuclear forces] nuclear missiles. Not a freeze or token reductions, as many urged at the time, but the complete elimination of this class of weapons.

The following year, at Eureka College, the President proposed major reductions in strategic offensive forces, calling for cuts by one-third to a level of 5,000 ballistic missile warheads on each side. Again, this was a major departure from previous negotiating approaches—both in the importance of the weapons to be reduced and in the magnitude of their reduction. Critics claimed he was unrealistic, that he was not really interested in arms control. But the President's call for dramatic reductions in nuclear warheads on the most destabilizing delivery systems has been at the core of our negotiating efforts. The Soviets have finally begun to respond to the President's approach and are now making similar proposals.

Finally, the President also set out to explore whether it would be possible to develop an effective defense against ballistic missiles, the central element of current strategic offensive arsenals. To find that answer, he initiated in 1983 the SDI program—a broad-based research effort to explore the defensive implications of new technologies. It is a pro-

gram that is consistent with our obligations under the ABM Treaty. He set as a basic goal the protection of the United States and our allies against the ballistic missile threat.

Since then, we have been seeking both to negotiate deep reductions in the numbers of those missiles, as well as to develop the knowledge necessary to construct a strategic defense against them. It is the President's particular innovation to seek to use these parallel efforts in a reinforcing way—to reduce the threat while exploring the potential for defense.

Reykjavik: A Potential Watershed in Nuclear Arms Control

All of these efforts will take time to develop, but we are already seeing their first fruits. Some became apparent at Reykjavik. Previously, the prospect of 30%, let alone 50%, reductions in Soviet and American offensive nuclear arsenals was considered an overly ambitious goal.

At Reykjavik, the President and General Secretary Gorbachev reached the basis for an agreement on a first step of 50% reductions in Soviet and American strategic nuclear offensive forces over a 5-year period. We agreed upon some numbers and counting rules—that is, how different types of weapons would count against the reduced ceilings.

For INF nuclear missiles, we reached the basis for agreement on even more drastic reductions, down from a current Soviet total of over 1,400 warheads to only 100 on longer range INF missiles worldwide on each side. This would represent a reduction of more than 90% of the Soviet SS-20 nuclear warheads now targeted on our allies and friends in Europe and Asia. There would also have to be a ceiling on shorter range INF missiles, the right for us to match the Soviets in this category, and follow-on negotiations aimed at the reduction in numbers of these weapons.

Right there is the basis for an arms control agreement that doesn't just limit the future growth of Soviet and American nuclear arsenals but which actually makes deep and early cuts in existing force levels. These cuts would reduce the numbers of heavy, accurate, multiple-warhead missiles that are the most threatening and the most destabilizing. These ideas discussed at Reykjavik flowed directly from the President's longstanding proposals. They are a direct result of his vision of major offensive reductions as a necessary step to greater stability.

At Reykjavik, the President and the General Secretary went on to discuss possible further steps toward enhanced stability. The President proposed to eliminate all ballistic missiles over the subsequent 5 years. Mr. Gorbachev proposed to eliminate all strategic offensive forces. They talked about these and other ideas, including the eventual elimination of all nuclear weapons. The very scope of their discussion was significant. The President and the General Secretary set a new arms control agenda at Reykjavik, one that will shape our discussions with the Soviets about matters of nuclear security for years to come.

Of course, make no mistake about it. Tough, and probably drawn-out, negotiations will still be required if we are to nail down any formal agreement on offensive force reductions. For example, the Soviets are now linking agreement on anything with agreement on everything. But the fact that we now have such reductions clearly on the table has only been made possible by:

- Our steps to restore America's military strength;
- Our firm and patient negotiating efforts over the past 5 years;
- The sustained support of our allies; and, not the least,
- By our active investigation into strategic defenses.

The prospect of effective defenses and our determined force modernization program have given the Soviet Union an important incentive to agree to cut back and eventually to eliminate ballistic missiles. Within the SDI program, we judge defenses to be desirable only if they are survivable and cost effective at the margin. Defenses that meet these criteria—those which cannot be easily destroyed or overwhelmed—are precisely the sort which would lead Soviet military planners to consider reducing, rather than continuing to expand, their offensive missile force.

But only a dynamic and ongoing research program can play this role. And for their part, the Soviets are making every effort to cripple our program. Thus, there were major differences over strategic defenses at Reykjavik. The President responded to Soviet concerns by proposing that, for 10 years, both sides would not exercise their existing right of withdrawal from the ABM Treaty and would confine their strategic defense programs to research, development, and testing activities permitted by the ABM Treaty. This commitment would be in the context of reductions of

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strategic offensive forces by 50% in the first 5 years and elimination of the remaining ballistic missiles in the second 5 years, and with the understanding that at the end of this 10-year period, either side would have the right to deploy advanced defenses, unless otherwise agreed.

But at Reykjavik, the Soviet Union wanted to change existing ABM Treaty provisions to restrict research in a way that would cripple the American SDI program. This we cannot accept.

Even as we eliminate all ballistic missiles, we will need insurance policies to hedge against cheating or other contingencies. We don't know now what form this will take. An agreed-upon retention of a small nuclear ballistic missile force could be part of that insurance. What we do know is that the President's program for defenses against ballistic missiles can be a key part of our insurance. A vigorous research program will give the United States and our allies the options we will need to approach a world with far fewer nuclear weapons—a world with a safer and more stable strategic balance, one no longer dependent upon the threat of mutual annihilation.

Next Steps With the Soviets

In the short term, our task is to follow up on the progress arising out of the Reykjavik discussions. For our part, we are energetically seeking to do so. Our negotiators in Geneva have instructions to pick up where the two leaders' exchanges left off. We have formally tabled our proposals, based on the progress at Reykjavik, and we are ready to discuss them.

To give additional impetus to that process, I met with Soviet Foreign Minister Shevardnadze in Vienna at the beginning of this month to continue our exchanges—not just on arms control but on the full agenda of U.S.-Soviet issues, including those regional and human rights problems which are so critical to building trust and confidence between our two nations.

Our negotiating efforts—and the President's own discussions with the General Secretary—have been based on years of analysis of these issues and on our frequent exchanges with the Soviets. The Reykjavik meeting, for instance, was preceded by extensive preliminary discussions with the Soviets at the expert level in Geneva, Moscow, and Washington. We have had our senior negotiators and best advisers at all of these sessions—as well as at our most recent encounter in Vienna.

So we have been well prepared to move. But whether we can achieve concrete results now depends on the Soviets. General Secretary Gorbachev has spoken positively of the need to capitalize on the "new situation," he called it, created by Reykjavik. But at Vienna 2 weeks ago, the Soviets seemed primarily interested in trying to characterize SDI in the public mind as the sole obstacle to agreement. Mr. Shevardnadze was quick to accuse us of backsliding from the Reykjavik results and to label our Vienna meeting "a failure" because of our unwillingness to accede to their demands to cripple SDI. We will doubtless hear more such accusations over the coming weeks.

So all of this will take time to work out. But that's to be expected in negotiating with the Soviets. We are serious about our objectives, and we are determined to hold firmly to them. We have a clear sense of how our two nations might be able to move toward greater strategic stability. We are ready to move quickly to that end, but we are also prepared to be patient.

The Challenges of a Less Nuclear World

The longer term implications of the Reykjavik discussions may prove even more challenging for us. Thus far in the nuclear age, we have become accustomed to thinking of nuclear weapons in terms of "more bang for the buck" and of the high price for any possible substitute for these arms. But to my mind, that sort of bookkeeping approach risks obscuring our larger interests. We should begin by determining what is of value to us and then what costs we are prepared to pay to attain those ends.

The value of steps leading to a less nuclear world is clear—potentially enhanced stability and less chance of a nuclear catastrophe. Together with our allies, we could enjoy a safer, more secure strategic environment.

But we would not seek to reduce nuclear weapons only to increase the risks of conventional war or, more likely, of political intimidation through the threat of conventional attack. Therefore, a central task will be to establish a stable conventional balance as a necessary corollary for any less nuclear world.

How would a less nuclear world, one in which ballistic missiles have been eliminated, work? What would it mean? It would not be the end of nuclear deterrence for the West. With a large inven-

tory of aircraft and cruise missiles, the United States and NATO would retain a powerful nuclear capability. In a sense, we would return to the situation of the 1950s, when strategic bombers served as our primary nuclear deterrent force. But there would be an important difference in the 1990s and beyond. Our aircraft would now be supplemented by a host of new and sophisticated technologies as well as cruise missiles launched from the air and sea. It would be a much more diverse and capable force than in previous decades.

In such circumstances, both the United States and the Soviet Union would lose the capability provided by ballistic missiles to deliver large numbers of nuclear weapons on each others' homelands in less than 30-minutes time. But Western strategy is, in fact, defensive in nature, built upon the pledge that we will only use our weapons, nuclear and conventional, in self-defense. Therefore, the loss of this quick-kill capability—so suited to preemptive attack—will ease fears of a disarming first strike.

For our friends and allies in Europe and Asia, the elimination of Soviet ballistic missiles—including not just the Soviet Union's strategic ballistic missiles and its many SS-20s but also the shorter range missiles for which we currently have no deployed equivalent—would remove a significant nuclear threat.

But it would also have non-nuclear military benefits as well. Today, the Soviet Union has ballistic missiles with conventional and chemical warheads targeted on NATO airfields, ports, and bases. The elimination of ballistic missiles would thus be a significant plus for NATO in several respects.

The nuclear forces remaining—aircraft and cruise missiles—would be far less useful for first-strike attacks but would be more appropriate for retaliation. They would be more flexible in use than ballistic missiles. The slower flying aircraft can be recalled after launch. They can be retargeted in flight. They can be re-used for several missions. We currently have a major advantage in the relative sophistication of our aircraft and cruise missiles; the Soviets have greater numbers of these systems and are striving hard to catch up in quality. They have given far more attention to defense, where we have a lot of catching up to do. But our remaining nuclear forces would be capable of fulfilling the requirements of the Western alliance's deterrent strategy.

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The West's Advantages in a Less Nuclear World

The prospect of a less nuclear world has caused concern in both Europe and America. Some fear that it would place the West at a grave disadvantage. I don't think so.

In any competition ultimately depending upon economic and political dynamism and innovation, the United States, Japan, and Western Europe have tremendous inherent advantages. Our three-to-one superiority in gross national product over the Warsaw Pact, our far greater population, and the Western lead in modern technologies—these are only partial measures of our advantages. The West's true strength lies in the fact that we are not an ideological or military bloc like the Warsaw Pact; we are an alliance of free nations, able to draw upon the best of the diverse and creative energies of our peoples.

But dramatic reductions in nuclear weapons and the establishment of stronger conventional defenses will require a united alliance effort. In light of the President's discussions in Reykjavik, we must join with our allies in a more systematic consideration of how to deal with a less nuclear world. To my mind, that sort of process of joint inquiry is healthy for the alliance, particularly since we remain firmly agreed on the basics—the alliance's fundamental principle of shared risks and shared burdens on behalf of the common defense.

All of these steps—deep reductions of nuclear weapons, a strong research program in strategic defense, improvements in conventional defenses, and negotiations with the Soviet Union and Warsaw Pact—will have to be closely synchronized. This will require a carefully coordinated political strategy on the part of the alliance to deal with these interrelated aspects of the larger problem of stability and Western security. We will begin a preliminary discussion of just such an approach during my next meeting with my NATO counterparts in Brussels at the December session of the North Atlantic Council.

Conclusion

This is a full and complex agenda for all of us to consider. Is it ambitious? Yes. Unrealistic? No. I think that, on the basis of the progress made at Reykjavik, substantial reductions in Soviet and American nuclear forces are possible, and they can be achieved in a phased and stabilizing way.

But we need to think hard about how to proceed. We are taking on a difficult task as we seek to create the conditions in which we can assure the freedom and security of our country and our allies without the constant threat of nuclear catastrophe.

And, of course, our work to achieve greater strategic stability at progressively lower levels of nuclear arms is only part of our larger effort to build a more realistic and constructive relationship with the Soviet Union. We cannot pursue arms control in isolation from other sources of tension. We will continue to seek a resolution of the more fundamental sources of political distrust between our nations, especially those in the areas of human rights and regional conflicts.

Progress—whether in science or foreign affairs—often has to do with the reinterpretation of fundamental ideas. That's no easy task. It requires challenging conventional wisdom. And often we find that gaining new benefits requires paying new costs.

Just as what happened 44 years ago in the squash court under old Staggs Field opened up both new horizons and new dangers, so we now see new possibilities for protecting our security, as well as new risks if we don't manage them well. So it is up to us—working together with both allies and adversaries—to ensure that we use these new opportunities to achieve a more stable and secure peace.

¹Press release 250 of Nov. 18, 1986. The question-and-answer session following the address is not printed here. ■

A World Without Nuclear Weapons

by Kenneth L. Adelman

Address before the Woodrow Wilson School of Public and International Affairs at Princeton University on November 13, 1986. Mr. Adelman is Director of the U.S. Arms Control and Disarmament Agency.

Since the Reykjavik meeting between President Reagan and General Secretary Gorbachev, a lot of people have begun to take a fresh and serious look at an old question: would we be better off in a world without nuclear weapons? Over the past few weeks there have been numerous articles on the subject in such publications as *Time*, *Newsweek*, and *The New York Times*. I detect something of a sea change out there. Commentators who usually devote their column inches to telling us how desperately we need a new arms control agreement have suddenly taken to telling us how desperately we need nuclear weapons. Since Reykjavik, everybody seems to be learning to love nuclear deterrence.

What about this question? Is it really possible to eliminate nuclear weapons entirely, and would we be better off in a world without them? These are serious issues for arms control. They are serious issues for our national security. The elimination of nuclear weapons has been, at least, a distant goal of our arms control and disarmament policy since the

beginning of the nuclear era. But I think we have always understood that it was not a simple or immediate goal.

Problems of Eliminating Nuclear Weapons

Today, I think it would be useful to remind ourselves of some of the problems it would entail. So let's imagine, for a moment, a world in which nuclear weapons were about to be completely eliminated. What kind of world would this be? What kinds of problems would we face?

Soviet Superiority in Conventional Arms. The first problem we would face is Soviet superiority in conventional arms. In Europe right now there is a serious imbalance in conventional forces between NATO and the Warsaw Pact. At present, the Warsaw Pact has a formidable margin of superiority—almost twice as many divisions, nearly two-and-a-half times as many tanks, and nearly five times the number of artillery pieces in place in Europe. On the purely conventional plane, NATO forces are outnumbered and outgunned. Reinforcements can obviously be brought from the United States, but that is a complicated task, and even then the Warsaw Pact enjoys a considerable edge. That is why deterrence in Europe continues to

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depend on nuclear weapons and cannot be anchored on conventional forces alone.

This is nothing new. Ever since 1945, when the United States rapidly demobilized its armed forces, we have depended, and Western Europe has depended, on U.S. nuclear weapons to deter Soviet aggression. Time and again over the years we have reaffirmed the need to strengthen conventional forces. And we have made some progress, insufficient progress but some nonetheless. But the imbalance remains.

Under these circumstances, to eliminate the nuclear threat would be to weaken our deterrence of Soviet aggression. The first task we would face were we to proceed in a steady way to eliminate nuclear weapons, therefore, would be to right the balance in conventional arms. This may be difficult, for despite the greater wealth of the West, we are still free peoples. And free peoples do not easily choose to commit large increases in current defense spending, even if only to match expenditures by totalitarian states.

Verification. The second problem we would face is that of verifying a total ban on nuclear weapons. The verification problems posed by such an agreement would be truly monumental. For the past 15 years in arms control, we have relied on national technical means to verify compliance. We have been dealing with many provisions—for example, gross totals of fixed missile silos—that are comparatively easy to verify. These methods of verification have serious limitations. As we look a short distance down the arms control trail, we can see new verification problems emerging. Mobile missiles already pose a problem for verification. Warhead limits pose a problem for verification. As the technological trend moves in the direction of smaller and more mobile systems, these verification problems will only increase.

But these hurdles—by no means insignificant ones—pale in comparison with the huge difficulty of ensuring against clandestine production of nuclear weapons themselves. The verification problems posed by this idea take us back to the kinds of issues we first confronted 40 years ago, when the United States proposed the Baruch Plan to the United Nations. The Baruch Plan was our first nuclear arms control initiative, a comprehensive proposal to eliminate nuclear weapons and place all atomic energy activities under control of an international authority.

Had it been accepted by the Soviet Union in 1946, the Baruch Plan would have been a major undertaking even then. But at that time, circumstances were so much simpler. In 1946, when we proposed the Baruch Plan to the United Nations, we had a monopoly on atomic weapons.

Elimination of nuclear weapons would require the most extensive and intrusive system of onsite inspections anyone could imagine. It is hard to think of a major military or even industrial installation that could be legally exempted from inspection on demand. That would mean, in turn, unprecedented openness to foreign intrusion on the part of all nations. Thus far the Soviet Union has raised objections to even the most limited inspection arrangements.

The Soviets have always resisted inspection in practice. As Khrushchev said to Arthur Robens, a British official, in 1956: "Why should I let you into my back garden so that you can peep through my kitchen window?" We still do not have government-to-government inspection of Soviet territory. We are a vast distance away from the kind of inspection we would need for such a comprehensive agreement. One need only think of the fate of Major Nicholson—who was shot to death in 1985 by Soviet soldiers while carrying out his inspection duties in East Germany as permitted under international agreement—to see the kinds of barriers we are up against. We continue to hope that the Soviet Union will come to accept more effective verification measures. In the meantime, without a comprehensive and thoroughly intrusive inspection system, a treaty eliminating nuclear weapons would simply be impractical.

Third Countries and Nuclear Weapons. The third problem we must address is the issue of third countries. Needless to say, nuclear technology is far more widely disseminated today than it was in 1946. We already have a Non-proliferation Treaty, of course. And we have been very successful at curbing the spread of nuclear weapons. But in a nuclear-weapons-free world, the incentive to cheat might well increase, since a single madman, a single terrorist leader armed with atomic weapons, could wield, if only for a while, disproportionate power.

Fundamental Problems. But behind all these problems I have mentioned are two very fundamental ones. The first is

that we can't put the nuclear genie back in the bottle. While it may some day be possible to return to a non-nuclear world, it is utterly impossible to return to a prenuclear world. It is utterly impossible to return to a world where the secrets of nuclear fission and nuclear fusion are not yet known. The knowledge for creating atomic bombs exists and will remain. The knowledge is widely disseminated. It cannot be unlearned. Nuclear weapons cannot be disinvented. Like Adam and Eve, we have eaten of the apple, and we can't go back to Eden.

The other fundamental problem is the nature of the Soviet Union. The most basic reason that eliminating nuclear weapons will not solve our problem is that nuclear weapons are not the cause of our problem. They are merely the symptom. The cause of tension, the cause of fear, and the cause of danger are not weapons but aggressive intentions and aggressive policies. Nobody in the United States loses any sleep over the British nuclear arsenal. The source of tension is not the possession of nuclear weapons but the presence of aggressive intentions. The most basic barrier to radical measures of arms control thus far has been the secretive and aggressive nature of the Soviet regime. Until that changes, arms control is up against some serious hurdles.

Eliminating Ballistic Missiles

But what about the possibility—proposed by President Reagan at Reykjavik—of eliminating ballistic missiles? That is a different proposition from eliminating all nuclear weapons. Eliminating ballistic missiles would be a big job. It is a job we would have to go about very carefully, with a clear understanding of the complexities and problems involved. But a world without ballistic missiles would offer great advantages over our present situation, provided we had some form of insurance like the Strategic Defense Initiative (SDI) coming on stream to cope with potential cheating.

Why single out ballistic missiles as a problem?

First, ballistic missiles are weapons *par excellence* of surprise attack and nuclear blackmail. They travel to their targets very quickly, 25–30 minutes for intercontinental ballistic missiles (ICBMs), 10–15 minutes for some submarine-launched ballistic missiles (SLBMs). Once fired, they cannot be called back. They cover in minutes the

distances that bombers cross only in hours. They also appear most threatening psychologically and politically. They are vulnerable, at least partly so, when based on land, and highly accurate in any basing mode. In a nutshell, they are the weapon system most likely to prompt a "use it or lose it" type of response in a crisis.

The Soviets were the first to test and deploy intercontinental ballistic missiles in 1957, the year in which they launched the Sputnik satellite. Khrushchev made exaggerated claims about the number of missiles that the Soviet Union possessed, and many people in the West became frightened. Khrushchev's threats helped to prompt an antinuclear movement—the "ban the bomb" movement of the late 1950s. Since that time, the land-based ballistic missile has always been the weapon of choice for Soviet nuclear intimidation.

A world without the threat of ballistic missiles would thus be a world in which a major instrument of surprise nuclear attack and nuclear blackmail had been eliminated.

Second, there is also reason to believe that without ballistic missiles, nuclear deterrence would be more stable. The Soviets have always seen the ballistic missile as a preemptive weapon, even as we have placed emphasis on retaliation. The heart of the present Soviet arsenal is a force of 308 SS-18 missiles with 10-plus warheads each. These warheads are powerful and accurate. The SS-18 missiles are designed as a first-strike weapon. They are designed to destroy our land-based missiles in their silos, to destroy a large part of our land-based retaliatory force before it can get off the ground.

If both sides' weapons are vulnerable, temptation on both sides to use them in a crisis increases. So ballistic missiles, in addition to being very threatening weapons, can be destabilizing. If we move away from these hair-trigger weapons, we may improve stability.

But what about the problems of a world without ballistic missiles? There is no use pretending that such a world would be problem free. What would be some of the difficulties we would face in moving to a world without ballistic missiles? First, nuclear deterrence would still operate. But now we would be talking about slower flying, air-breathing delivery vehicles.

Soviet Air Defense Superiority. The first problem we would face in this

world is Soviet air defense superiority. The Soviets have invested massively in air defenses. The Soviets have more than 9,000 surface-to-air missile (SAM) launchers, over 4,600 tactical SAM launchers, and some 10,000 air defense radars. We have nothing comparable to this. If deterrence is no longer going to rely on ballistic missiles, then we need to think seriously about improving our own air defenses. We would also have to think seriously about improving our ability to penetrate Soviet air defenses. And we would probably have to think seriously also about strengthening conventional forces.

Verification and Compliance. But the truly major problem we would face is verification and compliance. It would be a formidable problem. In a world without ballistic missiles and without strategic defense, there would always be a tremendous temptation for a potential aggressor to produce a clandestine force of ballistic missiles. Such a force would give its possessor enormous power. The danger would be far greater than it was in the 1950s. Because ballistic missiles have already been built, extremely powerful and accurate missiles could be fielded much more rapidly than they were then. Indeed, rocket technology would continue to advance, since space programs would continue.

In addition, clandestine production, storage, and deployment of missiles would be very hard to detect. Mobile missiles are of particular concern in this regard. Indeed, we should not forget that the Soviets have already deployed a mobile ICBM, the SS-25, which was itself a violation of the SALT II [strategic arms limitation talks] agreement. Research and production have always been extremely difficult to verify by national technical means.

In a world without ballistic missiles, we would have to worry about not just Soviet noncompliance. We would also have to worry about third countries. These are all very serious problems.

The Need for Strategic Defenses

But this is where defenses come in. If we were to couple elimination of ballistic missiles with deployment of strategic defenses against ballistic missiles, we would have a critical hedge against cheating. We would also create a powerful disincentive against cheating, since in the presence of effective defenses, ballistic missiles would tend to lose the overwhelming military value they now have. If defenses exist to stop ballistic missiles, then there would be less

military reason, in a world where ballistic missiles had been eliminated, to bring them back. Strategic defenses would thus be an insurance policy for arms control.

I am not saying that elimination of ballistic missiles would be an easy job. But defenses at least make the idea of a world without ballistic missiles seem a lot more reasonable than it might have seemed in the past.

That is what President Reagan proposed to General Secretary Gorbachev in Reykjavik—a plan for elimination of ballistic missiles coupled with deployment of strategic defenses. It is, in my view, a powerful and creative vision. It is a vision of a world in which the most menacing weapons, ballistic missiles, had been eliminated by arms control and simultaneously rendered obsolete by defenses. It is a vision in which paper agreements are backed up by strong physical guarantees. That's partly what's been missing in arms control in the past, a clear insurance policy against noncompliance.

President Reagan's offer suggests how strategic defense can assist and strengthen arms control. In fact, strategic defense technologies represent possibly the most promising development for arms control and national security since space launches made possible the reconnaissance satellite. The Strategic Defense Initiative could prove an even more radical advance than the emergence of "national technical means" of verification.

The President proposed the idea to show the Soviets how defenses and arms control can work together. The President proposed the idea to show how defenses can make arms control possible on a scale, I think, few people dreamed of in the recent past. Finally, the President proposed the idea to allay Soviet fears that we are seeking a first-strike capability through SDI. We are not, and by now the Soviets should realize this. If ballistic missiles are phased out, a first strike will become impossible. There will be no swift sword—only a defensive shield.

For me, the real significance of all this is the way in which the idea of defenses is allowing us to think in a new way about the problems of arms control and national security generally. And I would call upon everyone in this room to stop and give a moment's thought to what important possibilities lie before us. For I believe Reykjavik was an important moment, and I believe we are at a critical crossroads. We are at a critical crossroads, and we are being asked to choose between two paths.

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Fourteen years ago, when we signed the 1972 Anti-Ballistic Missile (ABM) Treaty, we deliberately chose as a nation the path of nuclear vulnerability. We chose the path of vulnerability because we believed that it would be a path to a safer world. We chose the path of vulnerability because we believed that it would be a way to real arms control. We chose the path of vulnerability because we believed it would be a road to genuine reductions in nuclear arms.

The 1972 ABM Treaty committed us to keep our society vulnerable to nuclear attack. But the preamble of the treaty also affirmed the "premise" that "the limitation of antiballistic missile systems" would "contribute to the creation of more favorable conditions for further negotiations on limiting strategic arms." The preamble of the treaty spelled out the explicit connection between our agreement to remain vulnerable and our intention to get reductions in nuclear arms. The preamble of the treaty stated the expectation that both nations would "take effective measures toward reductions in strategic arms" at "the earliest possible date." The chief American negotiator, my predecessor at ACDA, Gerard Smith, made a unilateral American statement on May 9, 1972, that:

... if an agreement providing for more complete strategic offensive arms limitations were not achieved within five years, U.S. supreme interests could be jeopardized. Should that occur, it would constitute a basis for withdrawal from the ABM Treaty.

Well, 5 years came and went, and there was no move on the Soviet side toward reductions. Five years after 1972 was 1977. And in 1977 President Carter sent Secretary of State Cyrus Vance to Moscow with a proposal for deep reductions in nuclear arms. The Soviets turned President Carter down flat. Two years later, we signed SALT II, a treaty which permitted vast increases in strategic offensive arms. Since 1972, the number of nuclear weapons in the Soviet arsenal has quadrupled, and the Soviets have accumulated weapons designed to be used preemptively—those SS-18 missiles, which are weapons designed to deprive us of the retaliatory capacity that our vulnerability was supposed to guarantee. Our own arsenal has grown, too, though more slowly.

In short, the path of vulnerability has proved to be a blind alley. We sought reductions in offensive weapons and consented to vulnerability. All we got in return was vastly increased offensive weapons and increased vulnerability. It

is time that we turn to the path of defenses. What can strategic defenses offer to national security and to arms control?

Strategic defenses, once deployed by both sides, can make three contributions to mutual security.

First, they can enhance stability by complicating any surprise attack and thus making a preemptive attack extremely difficult to plan with confidence.

Second, they can counteract nuclear blackmail by blunting the missile threat.

Third, by making ballistic missiles less effective, defenses can make them less of a factor in the military balance and in world politics generally. They can make ballistic missiles less valuable and thus create incentives for reducing them. In fact, it was SDI that brought the Soviets back to the bargaining table in Geneva after their 1983 walkout from the arms talks.

In short, defensive research is pointing the way toward a world in which ballistic missiles play less of a role, in which fast, first-strike systems will become less effective, and in which slower, second-strike systems come to dominate the military equation. It is pointing away from the current hair-trigger balance based on the primacy of ballistic missiles. These are precisely the goals we have sought to achieve over the years with arms control. Defenses can achieve many of the goals of arms control and can also be combined with arms control.

Soviet Intentions and U.S. National Security

The basic question is this: what do the Soviets want? Do they want safety for themselves? Will that be enough for them? For if that is the case, then they should be willing to move with us toward a world in which ballistic missiles are built down and defenses are built up. They should be willing to move with us toward a world in which offensive arms reductions are combined with defenses to reduce the total ballistic missile threat to each side.

Or do they, rather, wish to threaten others? If that is the case—if they need to threaten others in order to feel secure in themselves—then prospects for genuinely improving stability for both sides with negotiated agreements are very dim.

But I am hopeful. I believe our arms control policy and our national security

ought to have a single goal. That goal is almost too obvious to state: it is to defend ourselves, to decrease the dangers that we face by whatever means are at our disposal. I believe we ought to be willing to move toward that goal by whatever path presents itself—whether by technology or by negotiated agreements or, hopefully, by some mutually reinforcing mixture of the two. I believe it is time to reject the idea that technology always has to work against us and can never be made to work for us. I believe it is time to reject the idea that the way to a safer world is by restraining American technology while letting Soviet weapons multiply and become more lethal.

I believe we are in a better position today than we have been in years to achieve real, stabilizing arms control agreements. I believe the Soviets ought to have every incentive to join us, and I hope that they will. But I also believe we are in a better position today than ever before to guarantee our future by our own ingenuity, whether they do or not.

In short, I believe the day has arrived once again when it is not the totalitarian dictatorships of the world but rather the free societies, with their creativity and energy and ingenuity, that are calling the tune and setting the pace and pointing the way to the future. At the end of the Revolutionary War in 1782, a citizen of Philadelphia remarked to Dr. Benjamin Rush, "It looks as if the battle for independence is finally over." Rush replied, "Sir, you are mistaken. The Revolutionary War may be over, but the battle of independence has just begun."

We have preserved freedom, and we have preserved peace for 40 years. But in a real sense the battle for peace and for freedom is just beginning. But I am confident, in this nation's courage, its technological ingenuity, its dedication, and its good sense. "No problem of human dignity is beyond human beings," President Kennedy once said. "Man's reason and spirit have often solved the seemingly unsolvable—and we believe they can do it again." I believe that we can do it. I believe that with all the tools at our disposal—by deterrence, by defense, and by negotiation—we can build a more permanent and a more stable peace. That is why I believe that our children and our children's children will enjoy the same safety and prosperity that we enjoy and breathe the same air of liberty that we breathe in democratic countries that are secure and strong and free. ■

Permitted and Prohibited Activities Under the ABM Treaty

by Paul H. Nitze

Address before the International Law Weekend Group¹ in New York City on October 31, 1986. Ambassador Nitze is special adviser to the President and the Secretary of State on arms control matters.

At Reykjavik, a number of issues arose with respect to the interrelationship between limitations on defense and space programs and reductions in offensive systems. One issue involved the relevant time period, or date, to govern certain obligations that the United States and the Soviet Union would undertake regarding these problems. General Secretary Gorbachev insisted on a time period of 10 years. President Reagan was prepared to agree to this time period provided agreement could be achieved on three subjects, namely, the regime of control over defenses, the program of reductions in offensive ballistic missiles during those 10 years, and what each side was to be allowed to do after the 10 years.

On the issue of the regime of control over defenses, President Reagan proposed to Mr. Gorbachev that both sides strictly abide by the limitations of the Antiballistic Missile (ABM) Treaty. Mr. Gorbachev insisted on what he called measures to strengthen the ABM Treaty but what, in fact, amounted to an attempt to amend it. Specifically, he proposed to restrict to the laboratory testing of all space elements or components of antiballistic missile defense.

The positions of the two sides in part reflect substantially different views as to what defensive research, development, and testing activities should be permitted over the next 10 years. The United States believes that the nature of activities permitted and prohibited by the ABM Treaty, based on the treaty text and the negotiating record, is clear. The Soviet side, under the guise of "strengthening" the ABM Treaty, wishes, in effect, to amend the treaty to prohibit activities that it was not intended to prohibit. What follows focuses on this issue.

Distinguishing Research from Development

First, it should be noted that nowhere does the ABM Treaty use the word "research." Neither the U.S. nor the Soviet delegations to the SALT I [strategic arms limitation talks] negotiations believed that it was possible to verify limitations on research. In fact, neither side wished research to be limited, and the ABM Treaty makes no attempt to do so. In a major statement before the Soviet Presidium in 1972, shortly after the ABM Treaty was signed, then-Soviet Defense Minister Grechko stated that the ABM Treaty "places no limitations on the performance of research and experimental work aimed at resolving the problem of defending the country from nuclear missile strike."

The United States has traditionally distinguished "research" from "development" along the lines outlined by Harold Brown in a 1971 statement to the Soviet SALT I delegation. Research includes conceptual design and testing conducted both inside and outside the laboratory. Development follows research and precedes full-scale testing of systems and components designed for actual deployment. Development of a weapon system commences with the construction and testing of one or more prototypes of the system or its major components.

Development and Testing in the ABM Treaty

The ABM Treaty does address and, in certain articles, places specific limits on the development and testing of certain ABM systems and components.

Article I prohibits deployment of ABM systems for a territorial defense or for defense of an individual region except as provided in article III; it limits deployment, not development or testing, and limits ABM systems, not ABM components.

Article II defines an ABM system as "a system to counter strategic ballistic missiles or their elements in flight trajectory." According to article II(1), the components of an ABM system "currently" consist of: ABM interceptor

missiles, which are missiles constructed and deployed for an ABM role or tested in an ABM mode; ABM launchers, which launch ABM interceptor missiles; and ABM radars, which are radars constructed and deployed for an ABM role or tested in an ABM mode.

Article III specifies the areas in which ABM systems or their components may be deployed and the number that may be deployed in those areas.

Article IV exempts from the limitations of article III systems or their components used for development or testing and located within agreed test ranges.

Article V prohibits the development, testing, and deployment of sea-based, air-based, space-based, and mobile land-based ABM systems and ABM components.

Article VI prohibits giving non-ABM systems or components an ABM capability or testing them in an ABM mode.

Agreed Statement D, reinforcing restrictions on deployment in article III, provides that, if ABM systems or components based on "other physical principles" than those used for ABM components in 1972 and capable of substituting for ABM interceptor missiles, ABM launchers, or ABM radars are created in the future, limitations on those systems would be subject to discussion in accordance with article XIII and agreement in accordance with article XIV.

Permitted Development and Testing Activities

Taken together, the provisions of the ABM Treaty permit various types of ABM development and testing activity. I will describe that activity in four general classes.

- First, the treaty does not limit the development and testing of devices that are neither components of an ABM system, as defined in article II, nor substitutes for such components. Such elements are not, and were not intended to be, governed by the treaty's development and testing prohibitions.

- Second, the treaty permits tests that are not in an ABM mode (e.g., against satellites) of devices that do not have an ABM capability. The term "tested in an ABM mode" is specifically addressed in a classified agreed state-

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ment negotiated in 1978 by the United States and the Soviet Union in the Standing Consultative Commission. That agreement provides, in part, that an interceptor missile is considered to be "tested in an ABM mode" if it has attempted to intercept a strategic ballistic missile or its elements in flight trajectory. The term "strategic ballistic missile or its elements in flight trajectory" would include a ballistic target-missile with the flight trajectory characteristics of a strategic ballistic missile or its elements over that portion of the flight trajectory involved in the test.

In practice, neither the United States nor the Soviet Union considers "flight trajectory" to include an orbit in space or "tested in an ABM mode" to encompass tests against targets in space that do not follow a ballistic missile flight trajectory. The Soviet Union conducted tests against objects in Earth orbit in the 1970s both prior to and after deploying their antisatellite weapon. Based both on this understanding of "tested in an ABM mode" and on the fact that components, as defined in article II, were not involved, the United States recently conducted the Delta 180 SDI [Strategic Defense Initiative] experiment to test our ability to track targets in orbit. Since no device in the experiment was tested in an ABM mode and no device in the experiment could substitute for an ABM component, none of the devices in this experiment was itself an ABM component; the experiment, therefore, was fully consistent with the ABM Treaty.

- Third, the treaty permits the development and testing at agreed test ranges of certain ABM systems and components based on physical principles used in 1972. As modified by article V, article IV permits both the United States and the Soviet Union to develop and test fixed, land-based ABM launchers and ABM radars located at permitted test ranges and to launch ABM interceptors into space from those ABM launchers.

- The fourth class of development and testing activity permitted by the ABM Treaty involves ABM systems based on physical principles other than the physical principles used in 1972 and components of such systems capable of

substituting for the ABM components defined in article II. Agreed Statement D to the ABM Treaty, which has the same legal standing as the main text of the treaty, permits the "creation"—i.e., the development and testing—of, for example, space-based ABM systems that are based on "other physical principles" and their components.

This legally correct reading of Agreed Statement D is fully justified by the treaty text and the negotiating record. The President, nonetheless, has decided that, as long as we continue to believe that our program objectives can be met, the United States will not restructure the originally planned SDI program and, therefore, need not conduct its SDI activities according to this "broader" interpretation of the treaty in order to achieve the SDI research objectives.

During the SALT I negotiations, the United States sought to constrain the development and testing of devices, other than the three components defined in article II, that might perform an ABM function, including, for example, devices based on other physical principles. The Soviet delegation, however, refused to consider any such limitations, arguing that the sides could not agree about something that could not be defined or understood and that neither the United States nor the Soviet Union had any idea what devices or combination of devices might substitute for an ABM component, as defined in article II.

A careful reading of the treaty text and review of the negotiating record demonstrate that in Agreed Statement D, ABM systems based on other physical principles and their components are not, and were not intended to be, subject to the constraints on development and testing specified elsewhere in the treaty. Specifically, the restrictions of article V of the treaty do not apply to ABM systems based on other physical principles and their components.

Reykjavik and Beyond

In Reykjavik, substantial differences between the United States and the Soviet Union over Soviet-proposed restrictions going beyond those of the ABM Treaty prevented progress toward

agreement on a comprehensive framework for a predictable and stable arms control regime. The United States believes that both sides should adhere to the ABM Treaty as currently formulated. Specifically, the United States need not accept limitations on development and testing activities going beyond those provided by the treaty. We also must register both our concern over Soviet ABM-related activities that suggest that they may be preparing an ABM defense of their national territory and our conviction that the Soviets should dismantle the Krasnoyarsk radar being constructed in direct violation of the treaty.

In contrast to the U.S. position, the Soviets proposed in Iceland to modify the ABM Treaty to confine to the laboratory research and testing on any space elements of space-based systems. The Soviets intended to impose constraints on our SDI research program far more severe than those imposed even by the "narrower" interpretation of the ABM Treaty. Such additional constraints would kill the SDI program. The President could not accept this.

The United States calls upon the Soviet Union to recognize that its proposal would impose constraints that have no basis or justification in the ABM Treaty. We must reject Soviet attempts to amend the ABM Treaty indirectly by reopening questions of permitted and prohibited activities under the treaty. The Soviet Union must understand that the United States opposes restrictions on development and testing beyond those that were negotiated, agreed, and codified in the ABM Treaty.

With such an understanding, we can move forward toward a comprehensive, stabilizing agreement on a future arms control regime providing for defensive research and testing, strategic offensive reductions, and a jointly managed transition to greater reliance on defenses.

¹The International Law Weekend Group is comprised of the American branch of the International Law Association, the International Law Committee of the Association of the Bar of New York City, the American Society of International Law, and the American Foreign Law Association. ■

Nuclear and Space Arms Talks Close Round Six

Following are statements by President Reagan and Ambassador Max M. Kampelman, head of the U.S. delegation to the nuclear and space arms negotiations.

PRESIDENT'S STATEMENT, NOV. 12, 1986¹

Since today marks the close of round six of the nuclear and space talks (NST) between the United States and the Soviet Union, I want to take this occasion to reaffirm our commitment to achieving deep, equitable, and verifiable reductions in the U.S. and Soviet nuclear arsenals. Such reductions would reduce the risk of nuclear war and create a far safer world.

When this round opened 8 weeks ago, it held the promise of important progress in our effort to get Soviet agreement to deep reductions in nuclear arms. Those hopes were heightened by the progress made during my meeting with General Secretary Gorbachev at Reykjavik last month. We discussed there the full range of issues between our countries, including human rights, regional conflicts, arms reductions, and expanded bilateral contacts and communication. And specifically, in regard to arms control, the General Secretary and I made significant headway in narrowing U.S.-Soviet differences on several key issues.

- We agreed to a 50% reduction in strategic offensive arms over the next 5 years, to be implemented by reductions to 1,600 strategic nuclear delivery vehicles and 6,000 warheads on those delivery vehicles.

- We recognized the need for significant cuts in Soviet heavy ICBMs [intercontinental ballistic missiles], the most destabilizing missiles of all.

- We agreed to a global limit of 100 warheads on longer range INF [intermediate-range nuclear force] missiles, with no such missiles in Europe.

The United States proposed that neither the United States nor U.S.S.R. deploy advanced strategic defenses for 10 years while conducting research, development, and testing, which are permitted by the ABM [Antiballistic Missile] Treaty. This would be coupled with agreement that during the first 5 years

of this period, strategic offensive arms would be reduced by 50% and that during the second 5 years, all remaining U.S. and Soviet offensive ballistic missiles would be totally eliminated. We made clear that at the end of the 10-year period, either side could deploy defenses if it so chose, unless the parties agreed otherwise. Mr. Gorbachev did not accept this proposal and instead insisted on making the ABM Treaty more restrictive by limiting our research exclusively to the laboratory and, in effect, killing the U.S. Strategic Defense Initiative.

During this round, our negotiators in Geneva formally tabled new U.S. proposals reflecting the areas of agreement I reached with Mr. Gorbachev in Reykjavik, as well as our other proposals. On November 7, the Soviet Union took some new steps as well, by tabling proposals that partially reflect the headway made at Reykjavik. These areas of agreement can serve as the starting point from which U.S. and Soviet negotiators could hammer out significant arms reduction treaties. But this has not yet been the case. While this may have been the most productive round to date, the Soviet negotiations have still not followed up adequately to build on the progress made at Reykjavik. Instead, at times, the Soviets have seemed more interested in conducting a public relations campaign than in pursuing the serious give-and-take of the bargaining table.

This is particularly true in the case of reductions in intermediate-range nuclear forces. One year ago, at our summit meeting in Geneva, Mr. Gorbachev and I agreed to build upon areas of common ground, including an interim agreement in INF. The Soviets reiterated this position in proposals they made earlier this year. And they reaffirmed the goal of a separate INF agreement only days before our meeting in Iceland. Now, however, the Soviets have taken a major step backwards by insisting that progress in every area of nuclear arms control must be linked together in a single package. This attempt to hold progress in other areas of arms control hostage to acceptance of the Soviet effort to kill our SDI program is patently unacceptable.

In light of the continuing Soviet offensive buildup, the longstanding and extensive Soviet programs in strategic defense, and continued Soviet non-compliance with existing arms control

agreements, SDI is crucial to the future security of the United States and our allies. Americans recognize that SDI was essential in getting the Soviets to return to the negotiating table and that it is essential as well to our prospects for concluding an agreement with the Soviets to reduce nuclear arms. Effective strategic defenses would be insurance against Soviet cheating or abrogation of such an agreement. In addition, they would provide a continuing incentive to the Soviets to pursue further reductions in offensive weapons. SDI is, therefore, a vital insurance policy that we cannot, and will not, bargain away. That is a commitment which I have made to the American people, and I stand by it.

U.S. negotiators have worked hard in translating the progress made at Reykjavik into concrete new arms reduction proposals. These new American proposals, along with some new Soviet proposals, are now on the table in Geneva. Let us hope that when the talks resume on January 15, as we have already agreed, the Soviets will move with us to bring about, for the first time in history, significant reductions in nuclear weapons. Such reductions are now within our grasp if the Soviet Union will join us in serious pursuit of agreements which are equitable and stabilizing for both sides, and in the interest of the entire world. We are ready for this. We await Soviet readiness to move forward.

AMBASSADOR KAMPELMAN'S STATEMENT, NOV. 12, 1986

This has been a useful and a productive round, our most productive to date. We end the round—a round which, of course, included the meeting between President Reagan and General Secretary Gorbachev at Reykjavik on October 11–12—with important areas of agreement, as well as with important areas of difference between us.

Let me run through the major areas of agreement.

- We are agreed that there should be a 50% reduction in intercontinental-range missiles and bombers within a 5-year period and that these reductions should leave each side with no more than 6,000 warheads and 1,600 delivery vehicles.

- We are also agreed that intermediate-range missiles in Europe would be eliminated and reduced to a

global equality level of 100 warheads. This is a reduction of 100% in Europe of the Soviet SS-20 missiles that threaten every European city, and a reduction of 80% of the Soviet SS-20s in Asia. The Soviets have now agreed that British and French nuclear systems have no place in these negotiations. We are agreed that an agreement should also contain constraints on shorter range missiles and provide for future negotiations on this issue.

- In the defense and space area, both sides are now prepared to undertake a commitment not to exercise their right to withdraw from the ABM Treaty for a period of 10 years. Conditions surrounding that commitment continue to divide us.

As you can see, we have made important progress. I do not, however, wish to minimize the number and significance of the differences that still divide us, or the difficult negotiations that will be required to overcome them. I will not elaborate upon them here because they are serious parts of our current negotiations. An additional obstacle that emerged in Reykjavik is the renewed Soviet insistence on artificially linking progress in one negotiating group to progress in the other two. In particular, the Soviet insistence on holding the elimination of intermediate-range nuclear forces hostage to our acceptance of their insistence on amending the ABM Treaty is not only inherently illogical but runs contrary to the position they have taken publicly and privately since early this year.

Nevertheless, we are determined to continue our search for full agreement. We will be studying the issues when we return home to Washington in preparation for our next round, which will begin on January 15. We also intend to continue the pattern we have developed of between-round exchanges.

¹Text from Weekly Compilation of Presidential Documents of Nov. 17, 1986. ■

U.S.-Japan Subcabinet Meets

Following is a statement made by Under Secretary for Economic Affairs W. Allen Wallis on October 31, 1986.

During this week [October 29-31, 1986] U.S. Government subcabinet level officials have held a series of talks with their Japanese counterparts. These included the first full-scale session of our dialogue on structural economic issues, our semiannual subcabinet consultations on economic and trade issues, and the Energy Working Group. The two governments agreed during Prime Minister Nakasone's visit to Washington in April this year to begin a dialogue on structural issues. We held an organizational meeting in San Francisco in July and began the substantive discussion this week. The subcabinet and Energy Working Group meetings occur twice a year; the last meetings were in Tokyo in February.

The focus of the discussion in the subcabinet consultations was U.S.-Japan trade and economic relations. We discussed the progress in Japan's implementation of its undertakings in the MOSS [market-oriented, sector-selective] talks and hope to see U.S. sales to Japan in the MOSS sectors increase pursuant to the market opening measures on which we have agreed. The United States believes unresolved MOSS issues should be settled, and the two sides agreed to continue to work on outstanding issues.

We noted we recently had resolved some longstanding trade issues, including aluminum and semiconductors. On October 3, Japan agreed to reduce its duty on cigarettes to zero and to lessen other impediments to sales of U.S. tobacco products in Japan. We expect these measures will result in a meaningful increase in U.S. tobacco and tobacco-product exports to Japan.

While we are pleased that these and other issues have been resolved, the U.S. delegation was frank in pointing out that serious and unsustainable imbalances remain in our economic relationship with Japan and that future actions by Japan are urgently needed.

Japan is expected to continue to have large trade surpluses with the United States and with the world this year. Japan continues to rely heavily on exports for growth and economic prosperity. In this connection, we urged the Japanese Government to allow full and immediate pass through of the benefits of yen appreciation and lower oil prices,

to accelerate the process of restructuring its economy and to place greater emphasis on domestic-led growth. At the same time the U.S. delegation pointed to the importance of eliminating barriers to Japanese imports.

Among the trade matters raised by the U.S. delegation were:

- The importance of accelerated implementation of Prime Minister Nakasone's April 1986 statement that Japan must take actions leading to a significant increase in imports, particularly of manufactured products;
- The need for removal of remaining barriers to U.S. exports to Japan. This includes meaningful access to and participation in the Kansai Airport project, rapid progress in the transportation machinery MOSS, resolution of the U.S. complaints on Japan's quotas on fish and the so-called GATT 12 [General Agreement on Tariffs and Trade] agricultural products, and tariff reductions in high value and processed agricultural products, namely vegetables, fruits and nuts, and processed foods and feeds; and
- More Japanese purchases of competitive U.S. energy products and investment in U.S. coal and gas projects.

As is usual in the subcabinet meetings, the two sides discussed global economic developments. The United States expects a pickup in real GNP growth in the United States and in Europe later this year and sees slightly less than 3% average OECD [Organization for Economic Cooperation and Development] growth this year and about 3.5% growth next year. Expansion is expected to weaken in Europe late in 1987. We noted the yen appreciation had dampened economic growth in Japan but suggested that this weakness might be mitigated by full and immediate pass through of Japan's improved terms of trade. We hope Japan will encourage strong domestic-led growth which would have a beneficial effect on the U.S. and Japanese external imbalances and on growth in the developing countries. I believe Japan's analysis of the world economy was similar to ours.

We had a useful discussion on the new GATT round. We and the Japanese, of course, will play active and, we hope, cooperative roles in this negotiation. We urged Japan to join us in pressing for a speedy agreement on agricultural issues. We also discussed development assistance and, in particular, the important

contributions our two countries can make to the Philippines need for more development aid and for help on trade and investment. Japan indicated its interest in the development of the Philippines, and we hope it will help that country.

Our first, full-scale dialogue on structural impediments to reducing external imbalances focused on the evolution of both the external and domestic imbalances in the United States and Japan. Differences in consumption, savings, and investment patterns; the role of exchange rates in adjustment process; and the composition of trade flows were some of the topics discussed.

In the Energy Working Group, we discussed the international energy outlook, energy security prospects, and progress in implementing the November 1983 joint statement on energy cooperation, agreed to by President Reagan and Prime Minister Nakasone. Special emphasis was given to removing barriers to energy trade and to taking advantage of lower oil prices to build strategic oil stocks. The United States stressed the need to halt the decline in Japanese imports of competitively priced U.S. coal. It sought progress on coal and liquefied natural gas export projects and expressed interest in the implementation of the coal recommendations in the Maekawa report.

Let me conclude by saying that the U.S. and the Japanese delegations agreed that the economic problems the two sides confront require urgent and continued attention by both governments. We agreed to redouble our efforts to resolve particular trade issues and to address the fundamental factors that underlie both countries' large external imbalances. ■

U.S.-EC Relations and the International Trading System

by W. Allen Wallis

Address before the Luxembourg Society for International Affairs in Luxembourg on October 8, 1986. Mr. Wallis is Under Secretary for Economic Affairs.

It is an honor to appear before the Luxembourg Society for International Affairs. This is a particularly appropriate setting in which to discuss U.S. relations with the the European Community (EC) and the importance of U.S.-European cooperation in strengthening the international trading system.

In the United States, we are well aware of Luxembourg's strong international orientation, which stems from its location in the heart of Europe. Over 80% of your gross national product (GNP) comes from international trade. You understand better than just about any country the benefits of an open trading system.

Luxembourg is also the site of many important European institutions, including the European Parliament, the European Court of Justice, the European Investment Bank, and other major Community institutions.

As a cofounder of the Benelux [Belgium, Netherlands, and Luxembourg economic union] arrangement, Luxembourg helped lay the cornerstone for European economic integration. Today, Luxembourg participates actively and constructively in the European Community and can play a significant role in helping the EC address the challenges of the future.

Luxembourg has made an important contribution to U.S.-European understanding and friendship that you may not think much about. Having been involved in university education all of my life, I am keenly aware—and appreciative—of the fact that you have made possible visits to Europe by hundreds of thousands of Americans (especially students and other young people) who could not have afforded the trip if you had not allowed Iceland Air Lines to

land its inexpensive flights here when no other country in Europe would accept them. Whether these young people made friends for America, I do not know—I hope so—but I do know that they returned to America with their friendship for Europeans and their understanding of Europe much enlarged.

The Basis for U.S.-EC Relations

Before I turn to current economic issues between the United States and the EC agenda, it is well to recall the basis of our relationship.

Fundamentally, the United States was born from the values and traditions of Western Europe. While we now have millions of citizens who trace their ancestry to Africa, Asia, and Latin America, Europeans were the original immigrants to America. They brought with them an established philosophy of government which is incorporated into our Constitution and political institutions. This includes our commitment to democracy, individual liberty, human rights, economic freedom, and the rule of law. Those European settlers brought us also our codes of law, which are based primarily on British common law but also, in some parts of the country, on the Napoleonic Code and Spanish law.

Moreover, Europe has been the wellspring for American culture and intellectual achievement. Your music, art, literature, and science became the foundations of ours, and now our culture and accomplishments have become part of yours.

We also share nearly 400 years of historical experience. As the graves at the American military cemetery in Hamm testify, the United States has been involved in all three of the major European wars since our founding. That involvement was and is an earnest of America's commitment to a free and prosperous European Continent. Although our Pacific ties are growing, as is only natural for a country whose expansion has been toward the Pacific

and which has global interests, commitments, and responsibilities, we are—and, for the foreseeable future, will remain—essentially European in outlook and orientation.

Our common heritage and shared values are the source for U.S.-European cooperation in a wide range of areas. Geopolitically, we face a common threat and stand together in NATO for our common defense. This is why we have stationed over 300,000 U.S. forces in Europe and why we installed additional missiles here after our NATO allies asked us in 1979 to do so.

We also cooperate on a broad range of foreign policy issues, for example, terrorism, South Africa, and the Middle East. On terrorism, in particular, our message is clear: perpetrators of terrorism will be identified, no concessions will be made to terrorists, and acts of terrorism will be costly to the perpetrators.

In addition, we share a special commitment to promote economic development and nurture newly emerging democracies. We cooperate in our parliaments and in international organizations toward this end.

Finally, we enjoy one of the largest and most comprehensive economic relationships in the world. This year, two-way trade between the United States and the EC will exceed \$125 billion, second only to trade between Canada and the United States. Two-way direct investment stands at nearly \$190 billion. The firms responsible for that investment produced over \$700 billion worth of goods and services in 1985. That is larger than the GNP of all but a handful of countries and a graphic illustration of the extent of U.S.-European interdependence.

During the past 5 years, the United States has seen a dramatic shift in its trade balance with the EC. Until 1984, we consistently ran balance-of-payments surpluses with the Community. Those surpluses reached a peak in 1980 of \$18 billion. Our trade position has deteriorated since then, however. We now project for 1986 a deficit of \$28 billion in our trade with the Community.

Among the factors accounting for this change has been a sharp change on agriculture: since 1980, our agricultural sales to the EC have fallen by 40%. Our agricultural trade surplus declined from

a high of \$6.8 billion in 1981 to only \$1.6 billion in 1985 and may disappear entirely this year.

This stands in sharp contrast with the Community's emergence over the last two decades as the second largest agricultural exporter. Contrary to the usual course of economic development, agricultural exports from Europe actually are increasing as a share of its total exports.

Despite high production costs and the need to subsidize virtually all exports, the EC has become the world's largest exporter of poultry, eggs, beef, veal, refined sugar, and dairy products. The Community is also one of the largest growers and exporters of wheat. Its subsidized exports of wheat and wheat flour have increased nearly sevenfold since 1970 and now take some 17% of world markets. While this may be good news for European farmers, every increment to EC output of these products has cost European taxpayers and consumers dearly. Massive misallocation of resources to agriculture may quite possibly be one of the reasons that Europe is falling behind Japan and the United States in high technology.

Trade Issues

With so much trade between us, and with as much government intervention as there is in both Europe and the United States, trade conflicts will naturally arise. The current list of problems includes EC enlargement, Airbus, and telecommunications. However, agriculture and the new trade round are the two most serious issues which we both face, and they are closely intertwined.

Agriculture. The problem of agriculture is particularly vexing and demands urgent attention. We are entering a period when fundamental adjustments in agriculture are made necessary by global surpluses in virtually all major commodities. Traditional markets for agricultural products have been shrinking, and new competitors have arrived from the underdeveloped countries. An explosion in agricultural technology is about to exacerbate the situation.

A major part of the problem is that the EC and the United States both devote too much of their resources to agriculture. Both heavily support or subsidize agriculture. Since 1980, the United States has kept agricultural

prices high, pricing itself, to a considerable extent, out of world markets. Since U.S. prices generally set world prices, this has allowed the EC to sell on world markets at those artificially high prices, despite the EC's high internal prices, through the use of export subsidies in the form of restitutions. In effect, the EC pays its farmers the amount by which world prices fall short of the levels that would equate farm incomes with incomes in industry.

At the 1982 GATT [General Agreement on Tariffs and Trade] ministerial, the United States and other countries sought to launch a new trade round to deal with agriculture, services, and other new areas. The EC alone blocked commencement of negotiations, and within the EC, France alone. This in turn led to pressures in the United States for export subsidies to match the EC's. Although President Reagan opposed this, in 1985, Congress mandated a large program of export subsidies.

We now face a major subsidy war between the United States and the EC, and it is getting more and more expensive for both of us. In a recent deal with the Soviets, the EC sold wheat for about \$75 per ton, which meant a subsidy of about \$130 per ton. The United States recently contracted to sell Egypt frozen poultry at \$875 per ton, which was less than the cost to the government by \$1,210.33 per ton.

Another egregious example is our respective sugar policies. The EC is a net exporter of some 3.3 million metric tons annually, all subsidized. In response, the United States imposed import quotas which have reduced sugar imports by another 3.3 million metric tons. The results are costly domestic programs and the loss to the underdeveloped countries of about \$1 billion in sugar exports.

The EC now spends over two-thirds of its total budget in support of agriculture. The direct budgetary cost of EC agricultural supports was over 20 billion European Currency Units (ECU) in 1985 (\$15.4 billion at 1985 average exchange rates), with export subsidies alone costing over 6.8 billion ECU (\$5.3 billion). The indirect costs—that is, the total transfer to farmers from European taxpayers and consumers—are estimated to be on the order of \$60-\$70 billion. Roughly 60% of the value added is now attributable to transfers and subsidies.

The EC's agricultural policy will probably cost the Community budget well over \$20 billion this year, not counting the substantial sums spent on agriculture by EC member governments.

In the United States, our agriculture outlays are approaching \$30 billion for all Federal programs. This substantially exceeds the net income of U.S. farms. The late Senator Everett Dirksen once said, "a million here and a million there and pretty soon you are talking about real money." Agricultural subsidies are a billion here and a billion there, and already we are talking about very real money which taxpayers pay.

Four effects of such policies are becoming obvious to all.

First, we are bankrupting ourselves and preventing our economies from reaching the growth of which they are capable.

Second, we are making serious trouble with and for each other, which threatens to strain the fabric of our overall relationship.

Third, we are injuring nonsubsidizing exporters, such as Canada, Australia, and New Zealand.

Fourth, and perhaps most important, we are damaging developing countries by eliminating their ability to feed themselves and to develop agricultural exports to help pay their foreign obligations.

Uruguay Trade Round. Just a few weeks ago, the excellent achievements at Punta del Este gave a renewed indication of what we can accomplish when we cooperate. The leadership of the United States and the EC, together with Japan, Canada, Australia, and a number of developing countries, was mainly responsible for launching the Uruguay trade round. The EC and the United States both knew that the new trade round was indispensable if we were to strengthen the international trading system and adapt it to the realities of the international marketplace of the late 20th and early 21st centuries. We both understood also the serious risks to the international trading system and global prosperity if the Punta del Este meeting failed—a failure which could have led to a sharp increase in protectionism.

Agriculture must be addressed as an issue of high priority in the new round. We recognize that, in each country, the core of agricultural policy is fundamentally political and social, not just economic. The problems can be solved

only jointly, not by countries acting alone. The Uruguay round offers a unique opportunity to work together with the other agricultural producers and exporters to achieve reforms in a climate of mutual concessions and gains. Implementation of new rules will take time, but we need to negotiate those new rules expeditiously in order to avoid protectionism and further costly trade wars.

The new round also will reach out to such new areas as services, intellectual property, and trade-related investment measures. These are enormously important and will be even more important in the future.

Certain developing countries, failing to understand their own interests, opposed the introduction of services into the round. If the less developed countries (LDCs) and newly industrialized countries are to take over the making of such products as steel, televisions, toasters, automobiles, refrigerators, semiconductors, and machine tools, then the developed countries will have to be able to export other products such as services. Otherwise, the developed countries cannot yield the production of manufactures to the developing countries.

Intellectual property relates, like services, to areas where developed countries have a comparative advantage. LDCs should want developed countries to move into those areas and away from areas where LDCs have the comparative advantage. New rules on intellectual property will facilitate such a process and, thereby, will be of distinct benefit to developing countries.

It is also vital that we develop disciplines on international direct investment, particularly on trade-related aspects of investment. This would contribute to improving the investment climate in developing countries and help them to attract foreign investment, which is increasingly becoming a key source of capital flows to LDCs and an important contributor to their growth. By helping more efficiently to allocate resources on a global basis, rules on investment will enhance the prospects for growth in the international economy.

Structural Adjustment

Trade frictions are manifestations of basic structural maladjustments. Policies which inhibit adjustment to change hamper not only the domestic economy but also the global economy.

The United States wants an economically vibrant Europe. While that would make the Community an even stronger competitor, it also would make the Community an even larger customer, and both of us would benefit. Of course, our support for an economically robust Europe goes well beyond narrow commercial interests. Economic health underpins our common security, is a prerequisite to political stability, and permits democratic values to flourish.

Increasingly, Europeans are pointing to structural problems as major reasons for Europe's failure to create new jobs and to promote new, dynamic industries. They point to such things as overly generous unemployment and employee benefit packages, rigid hiring and firing practices, housing programs that hamper worker mobility, disincentives to employment-generating investment, and interference with business decisions on when and where to open or close plants.

In efforts to protect existing jobs, key sectors of Europe's markets have been closed to imports, especially in such sectors as agriculture, telecommunications, steel and automobiles, and, increasingly, aircraft. By freezing labor and capital in inefficient activities, Europe missed opportunities to grow and expand into more dynamic activities where it might compete better in international markets. If we are not willing to risk change, living standards will surely decline.

The United States also must heed this lesson. Although we are generally more willing than Europe to see old industries replaced by new, we still have pockets of protectionism that hurt our own citizens as well as other countries. It is hard to call a nation protectionist which is running a \$170-billion trade deficit, but that same deficit gives extra power to those in our economy who advocate barriers to imports.

Structural adjustment is not a panacea for eliminating trade conflicts. However, it would go far, very far indeed, toward reducing the number and severity of the trade problems which confront us. Many of those problems arise from obsolescent or inefficient industries, wages unresponsive to the market, and social policies which impede growth. It is to these practices that adjustment strategies must be aimed.

The United States has approached structural reform with four principal economic priorities: deregulating our domestic economy; curtailing the growth

of government expenditures; reforming our tax system; and resisting protectionism, in part through a new round of international trade negotiations.

We have not done badly. Tax reform is a reality. Far-reaching steps have been taken in deregulation. A new trade round is about to begin, and we are aggressively tackling the most intractable problem, excessive government expenditure. This is a positive agenda for change. We are interested in seeing similarly positive, growth-promoting approaches adopted by our friends and partners.

There is, happily, visible movement on four fronts.

First, there is a growing recognition that change is required. At the 1985 Bonn economic summit, in the September 1985 "Plaza agreement" on economic policy, and at the Tokyo economic summit last spring, the major industrialized countries pledged to pursue appropriate domestic structural measures, such as reducing rigidities in labor and capital markets, to provide a sound basis for more balanced, noninflationary economic growth. We see this in concrete terms in recent moves toward liberalization in France, privatization in the United Kingdom, and modifications of the welfare system in the Netherlands.

Second, work is being done in the Organization for Economic Cooperation and Development (OECD) on structural adjustment that will lay foundations for the hard political decisions that governments must make.

Third, the EC Commission and the European Court of Justice are now facilitating change through a more vigorous competition policy and the drive to remove obstacles to an internal market. I would cite, in particular, the moves against anticompetitive practices of the European airlines, which have made air travel in Europe shockingly expensive.

Fourth, the new trade round should promote the process of adjustment, as I have earlier discussed, and by strengthening the GATT's procedures, it should reduce protectionism.

Current U.S.-EC Trade Issues

Earlier I emphasized the importance of the U.S.-EC relationship because, on specific trade issues, relations often seem to be marked by conflict. We have settled some problems recently, but it

took either retaliation, or the threat of retaliation, to convince both partners that a mutually satisfactory solution was needed.

EC enlargement is a case in point. As you know, the United States has long supported the entry of Spain and Portugal into the Community, and we congratulate the Community, as well as the two countries, on their accession.

As a consequence of the enlargement, however, the United States now faces major new restrictions on its agricultural exports to Spain and Portugal. These include high variable levies on Spain's grain imports, where before there were fixed tariffs bound under the GATT. They also include Portuguese import quotas on soybeans and other oilseeds and a requirement that Portugal guarantee its other EC partners some 15% of its grain market.

Since U.S. exports valued at roughly \$1 billion were at stake, we objected. Moreover, important GATT principles were involved. Only recently, after difficult negotiations, and with hundreds of millions of dollars of retaliatory and counterretaliatory measures in the offing, was an interim solution found.

The United States and the EC have agreed to complete negotiations by the end of this year on a final enlargement compensation package. We hope that the EC understands that lower industrial tariffs in Spain and Portugal do not represent acceptable compensation, either in GATT or in practical terms, for lost agricultural sales. In fact, we face the prospect of substantial losses in the industrial area since, despite lower tariffs on many products, the position of U.S. producers relative to their European competitors will worsen.

Trade in civil aircraft is a growing problem. The Airbus governments are considering pouring enormous sums into the development of new models which have little or no chance of a commercial return on investment. U.S. manufacturers, who must obey the harsh laws of the marketplace, are rightly concerned about the competition-distorting effects of government supports for Airbus. While we were able to agree on some points in our recent consultations with the Airbus governments, we must deal with the issue of government supports.

Another area of concern is access to European markets for telecommunications equipment and services. The United States now has one of the most open

telecommunications markets in the world, and Japan has made remarkable progress in opening its telecommunications market. In many European countries, however, telecommunication monopolies are resisting change and are using protectionist procurement and standards policies to keep out foreign suppliers. We are discussing our concerns with several European governments. The United States and Europe could make a big step in the Uruguay round toward resolving some of these issues by bringing postal and telecommunications authorities into the GATT Government Procurement Code.

Prospects

We are at a turning point in the history of the international trading system, but it is difficult to say now what the outcome will be. The choice is between increased protectionism and an unraveling of the international trading system on the one hand and, on the other hand, a strengthened set of trade rules and global prosperity. Much will depend on how successful we are in containing protectionism in the United States.

Some say that the new trade round has come too late. Many expect major protectionist legislation from the 100th Congress next year. However, if we can manage this very serious threat and avoid a torpedoing of the new round negotiations, as at the London economic conference of 1933, then the prospects should be good.

I believe this for several reasons. For the first time, agriculture is being addressed. At the April OECD ministerial and at the Tokyo economic summit last May, leaders of the major industrialized countries recognized that agriculture must now be at the top of the international economic agenda. They recognized that the problems of agriculture arise in large part from national agricultural policies that arise from politics, not economics. Focusing their discussions on the enormous costs of present policies, heads of state and government agreed in Tokyo that "action is needed to redirect policies and adjust the structure of agricultural production."

The world's trading nations are also moving forward expeditiously in organizing the Uruguay trade round negotiations. There is a growing revulsion to central planning and control. Peoples around the world are turning to economic freedom and the marketplace

to solve problems of growth and development, and this provides a receptive background for liberalizing international trade.

Building on the progress we have achieved in launching the Uruguay round, we can reinvigorate our markets and make our domestic economies more productive. We must recognize that change is not only inevitable but also desirable and that our future lies in exploiting change, not hampering it.

Our goal is to pursue and promote positive, creative strategies that will lead to expansion of world trade and thereby to world economic growth. To achieve this goal, we must convince our partners, as well as the protectionists among our own citizens, that unshackling the market is not a zero-sum game in which winners inevitably produce losers. We believe European leaders share our goals, and we will work together to achieve them. But it will be a long and arduous process. ■

Pursuing the Promise of Helsinki

Secretary Shultz's address before the Review Meeting of the Conference on Security and Cooperation in Europe (CSCE) in Vienna on November 5, 1986.¹

We thank the people of Austria for their generous hospitality in hosting this conference. We have all appreciated the special warmth and courtesy of their welcome.

We are gathered together—35 nations of various and differing political systems, beliefs, and circumstances—in a common effort to build a more durable foundation for peace and reconciliation between the peoples of East and West. The Helsinki Final Act provides us with guidelines for our work. It sets forth the promise of a more secure peace and greater cooperation between our peoples—a promise that can be realized only through an expansion of basic human rights and fundamental freedoms for each individual.

Our common task should be to fulfill that promise—to meet the commitments to security and freedom contained in the Helsinki Final Act. And to do so, we must look to the past and the present as well as to the future. We cannot and should not pass lightly over our experiences and our disappointments of the last decade. We must examine those occasions on which governments have failed to implement the principles that they have voluntarily undertaken to uphold in the Final Act.

Such critical review is necessary if the conference is to make genuine progress in reducing distrust and building confidence. But at the same time, the conference also offers us an important opportunity to look forward. It gives us the chance to shape a future that will release the creative energies of all our peoples.

The world is entering a period of dramatic technological change, one in which old ways of thinking and past patterns of effort are increasingly inappropriate to new realities. The traditional barriers of time and space are day by day eroded by advanced transport and electronic communications, leaving only the barriers between peoples which are imposed by governments. The familiar measures of industrial development—and, by extension, military and political strength—are less and less capable of capturing the real sources of social vitality. In the place of

past approaches to centralized decision-making and management, information-based technologies are making possible, and necessary, greater decentralization and individual initiative.

This trend can only be a source of hope to all who value human creativity. For the future, the true measure of the dynamism of a society—and of a community of nations—will be how freely it can encourage, exchange, and utilize human knowledge and individual innovation, how it can profit from the creativity of individual people. It is precisely these goals of freedom and openness—so necessary for progress in this emerging new age—that are already embodied in the Final Act. In seeking to heal the divisions arising out of the past, the Final Act provides us with guidelines and commitments for the future. The past four decades have seen Europe rebuilt. The future gives us hope for a Europe reunited. The fundamental principles of the Final Act, if fully implemented by all of the CSCE's participating states, give promise of a Europe vital and confident in its capacity for progress, of a Europe whose people are secure in their independence and freedom.

The Final Act recognized that peace is not simply the absence of war. And genuinely constructive European relations must involve more than the mere fact of diplomatic dialogue. In the words of President Reagan: "True peace rests on the pillars of individual freedom, human rights, national self-determination, and respect for the rule of law."

U.S. Commitment to Europe

I have come to Vienna to reaffirm the determination of the United States to work energetically and in concert with our friends in support of the full implementation of the principles of the Final Act. They are the basis of our own policies. The American people fully support the objective of a reunified, free, and independent community of European nations, East and West. We are committed to that goal, and not as outsiders. For as Europe's heirs and children, we share and participate in the aspirations as well as the responsibilities of Europe. Europe and America are bound together by ties of history, family, broad common interest, and shared values; we can ignore the importance and strength of these ties only at our peril.

The security and welfare of our people are firmly interwoven. We learned from bitter experience—in the aftermath of the First World War—that the United States cannot cut itself off from Europe. Isolation was a course to disaster that we are determined not to repeat. In the years of the Second World War, America rejoined the peoples of Europe—first, to defeat the scourge of tyranny and, subsequently, to help Europe regenerate its strength through the Marshall Plan, begun exactly 40 years ago.

Today, the United States expresses its commitment to Europe in many forms. Our active participation in CSCE is one of them. We believe that we have a positive and important role to play in the accomplishment of CSCE's objectives. We will neither forsake nor diminish that role.

The American people believe in the principles of freedom and openness set forth in the Final Act. We are confident in the vitality of our democratic values, and we are proud to test them in open peaceful competition with other values. But we do not attempt to force our beliefs on others, nor can we accept the claim of some governments to an inherent subversion. We respect the inherent diversity of other societies. But we cannot ignore the actions of governments which deny their people fundamental human rights. We do not seek military superiority for ourselves, but neither can we accept the claim of others to a right of so-called equal security, which has the result of creating insecurity for their neighbors.

We have sought to engage the nations of Eastern Europe and the Soviet Union in a constructive discussion of all the issues that divide us. We have no illusions that our differences—so profoundly based on conflicting visions of the individual and the state—can be easily resolved. But we do believe that it is possible to build greater understanding and confidence in East-West relations.

In the area of nuclear arms control, we may have reached a watershed in our recent discussions with the Soviet Union. On other issues, such as human rights and regional conflicts, there continues to be a disappointing lack of positive movement. To promote progress in all of these areas, President Reagan met with General Secretary Gorbachev in Reykjavik last month. They continued their discussion—begun in Geneva a year ago—of the full agenda of East-West

issues. Their 2-day meeting opened a new stage in our high-level dialogue. Basic differences persist, but the President and the General Secretary reaffirmed their earlier agreement on the desirability of moving ahead in our relationship, seeking to expand common ground wherever possible.

Arms Control

Turning first to arms control, there is now much to be done. The progress made at Reykjavik needs to be vigorously pursued. For our part, American negotiators are prepared to do so creatively and without delay. I will meet with Soviet Foreign Minister Shevardnadze later today and again tomorrow to continue our own exchanges, and I might say we have a strong team here together, including all three of our principal arms negotiators in Geneva.

The United States has sought not just limitations on the future growth of Soviet and American nuclear arms but their substantial reduction. Therefore, we were encouraged when the President and General Secretary Gorbachev reached the basis of an agreement for a first step of 50% reductions in Soviet and American strategic nuclear offensive forces over a 5-year period. For intermediate-range nuclear missiles, we reached an agreement of even deeper reductions, down from a current Soviet total of over 1,300 warheads to only 100 on longer range INF [intermediate-range nuclear forces] missiles worldwide on each side. There would be a ceiling on shorter range INF missiles and negotiations to reduce their numbers as well.

Our two nations now have a historic opportunity to move quickly to formal agreement on these reductions in offensive nuclear weapons. We look to the Soviet Union to join us in doing so. The President and the General Secretary laid the groundwork for a process of improving verification of existing agreements to limit nuclear testing. Both sides proposed to begin negotiations on the testing issue and discussed an agenda that would meet both sides' concerns. Major differences on strategic defenses remain. The President responded to Soviet concerns by proposing that, for 10 years, both sides confine their strategic defense programs to research, development, and testing activities permitted by the Anti-Ballistic Missile (ABM) Treaty. This would take place in the context of steady reductions in U.S. and Soviet offensive forces and lead to the elimination of their offensive ballistic missiles during this decade—and on the

understanding that either side would then have the right to deploy advanced defenses unless agreed otherwise.

But at Reykjavik, the Soviet Union wanted to go further—to go beyond existing ABM Treaty provisions to restrict research in such a way as to cripple the American SDI [Strategic Defense Initiative] program. This we cannot accept. The West needs a vigorous SDI program as permitted by the ABM Treaty, both as an investment in and insurance for a safer and more stable strategic balance, a balance no longer solely dependent upon the threat of mutual annihilation. Defenses can open the way to even more ambitious reductions in offensive nuclear forces than those I have already described.

But such reductions can be realistically accomplished only in conjunction with progress in addressing the very reasons why Western deterrence must be based today on nuclear weapons. These include the insecurity and uncertainty created by the Warsaw Pact's massive conventional force deployments, including its large arsenal of chemical weapons. Together with our NATO allies, we have been seeking to address this imbalance in conventional forces between East and West within the ongoing mutual and balanced force reductions in Europe, designed to meet the stated concerns of the East and to open the way for an agreement. The East has yet to respond constructively.

The United States is committed to the goal of strengthening stability and security in the whole of Europe. We believe that this objective can be promoted through increased openness and the establishment of a verifiable, comprehensive, and stable balance of conventional forces at lower levels. Last May, the NATO foreign ministers recognized the importance of this task. Together with our allies, we are examining how best to achieve the goals set forth in our Halifax statement on conventional arms control.

Other Sources of Tension

But arms control cannot exist as process in isolation from other sources of tension in East-West relations. If arms control measures are to make a meaningful contribution to stability, they can only reinforce, never supplant, efforts to resolve more fundamental sources of suspicion and political confrontation. Nowhere does the problem of distrust and division between East and West have greater meaning than in the context of Europe.

Since 1945, an artificial barrier has divided the continent and its peoples. This barrier is not of Western construction. The members of the Atlantic alliance and the various neutral and nonaligned nations of Europe have not forced the division of families nor denied our citizens the right of free movement. We have not sought to cut our societies off from competing ideas through press censorship, radio jamming, or other means. We have not used threats or armed intervention to enforce bloc discipline upon individual countries.

The Helsinki Final Act and the Madrid concluding document deal comprehensively with the dilemma of a divided Europe. They recognize that the freedom of individual men and women must be a fundamental element of stability and security in Europe. When justice is violated and freedom is denied, then the potential for conflict inevitably grows between nations. The delicate process of building confidence, cooperation, and security is undermined. President Reagan put it best when he noted: "A government that will break faith with its own people cannot be trusted to keep faith with foreign powers. . . . We place far less weight on words that are spoken at meetings, than upon the deeds that follow."

The commitments of the Final Act strike a necessary balance among the related problems of military security, political confidence, economic cooperation, fundamental human rights and freedoms, and contacts among people. It is important that we keep that balance. We should welcome and encourage progress in all of these areas, but we should not imagine that any single element alone is sufficient to carry the whole. A failure on our part to pursue the full implementation of the Final Act—our acquiescence in selective adherence to these commitments—would undercut further efforts to secure a more stable peace. Impatience with the difficulties of securing compliance should not drive us into successive new negotiations for their own sake. We must resist the notion that consensus-building requires compromises that would distort or deny the right promised by the Final Act. Escape from the violation of existing commitments cannot be found in the flight to new commitments.

Assessing CSCE Implementation

As we begin our review of the Final Act's implementation in recent years, we can note some important results. Over

the past decade, the CSCE umbrella has sheltered a remarkable expansion of human contacts between East and West. It has supported the two-way flow of ordinary people across a still-divided Europe. Building upon the Final Act, the Madrid concluding document has added important new commitments with respect to human rights, trade union freedoms, religious liberties, and the reunification of families.

The Madrid concluding document also laid down as a basic principle the unacceptability of supporting terrorism, directly or indirectly. It called for greater international cooperation in combatting this menace. Sadly, the events of past months have only underscored the pressing need for such cooperation.

In Stockholm, our nations have adopted an accord on military confidence-building measures. If faithfully implemented, this agreement will reduce the risk of conflict in Europe, making military activities more predictable and inhibiting opportunities for political intimidation.

But success at the Stockholm meeting earlier this fall only highlights the disappointing lack of progress in other aspects of the Conference on Security and Cooperation in Europe. In particular, we continue to see a tragic human rights situation within the nations of the East. The list of continuing human rights abuses is all too lengthy. Within the Soviet Union, 41 members of a citizens' group established to monitor implementation of the Helsinki Final Act—among them Anatoliy Marchenko and Anatoliy Koryagin—languish in detention. There are many more such Soviet citizens incarcerated for trying to exercise their basic human rights. These include Russians, Ukrainians, Balts, Jews, and men and women of other nationalities. One of that country's most distinguished citizens, Dr. Andrey Sakharov, remains incommunicado, cut off from the world in the closed city of Gorkiy.

The Helsinki accord and the Universal Declaration of Human Rights are solemn agreements, voluntarily signed by the Soviet Union, which provide for the right of emigration. Those agreements are as solemn, as binding, as signed, as explicit as any arms control agreement you could imagine. So verification and compliance are called for. Yet spouses of our citizens are denied exit visas. And hundreds of thousands of Soviet Jewish citizens, as well as Armenians, Germans, and

others, are denied permission to emigrate. This is a direct violation—clear, explicit, unequivocal—of what the country signed up to do.

Elsewhere in the East, members of Charter 77, the Catholic Church, and the jazz section of the Musicians' Union have been either harassed or imprisoned in Czechoslovakia. Courageous activists of Solidarity have suffered similarly in Poland. The right to practice religious beliefs and exercise cultural and national rights freely continue to be limited for many men and women in various Eastern countries. This is particularly the case for religious, cultural, or ethnic minorities—as evidenced by the recent program of forced cultural assimilation of Bulgaria's Turkish citizens. While the major violations of the Helsinki commitments are in the human rights area, the United States seeks balanced progress among all the elements of the CSCE process. During the Vienna meeting, we will work with all interested states to achieve full implementation of the commitments contained in the Helsinki Final Act, the Madrid concluding document, and the Stockholm document.

In the field of human rights, we will work for full compliance with the commitments already undertaken by all of the signatories of the Final Act. We seek steps that will bring us closer to realizing the goals set forth in principle VII and basket 3.

In the area of economic relations, we are prepared to explore new possibilities for cooperation in the context of the Final Act's provisions.

In information, we will seek to strengthen and expand commitments to reduce barriers to communications, specifically, the jamming of radio broadcasts—a violation, documented by the United Nations, of international agreement. It must be stopped.

In the field of security, we welcome the positive outcome of Stockholm. The United States will promptly and fully implement the terms of the Stockholm accord. We urge all others to do likewise. Full compliance by the Soviet Union, especially with the verification provision of the Stockholm document, will be an important gauge of the possibilities for future progress in conventional arms control.

But the details of the Stockholm accord illustrate that there is still considerable scope for improvement in the area of confidence- and security-building. The concept of openness—central to any effort to reduce the risks of surprise attack—has yet to be fully put into practice. Thus, the CSCE has an important

task still before it—to encourage complete implementation of the Conference on Confidence- and Security-Building Measures and Disarmament in Europe and to examine ways of carrying on the work begun in Stockholm to enhance confidence-building.

Meeting Commitments to Security and Freedom

The strength of our own commitment to the success of this followup meeting has been expressed in the exceptional degree of cooperation between our executive branch and the Congress in preparations for this meeting. Our delegation is led by one of our most able veterans of CSCE diplomacy, Ambassador Warren Zimmerman. He has worked closely with the American CSCE Commission, under the able leadership of Senator Alfonse D'Amato and Congressman Steny Hoyer. His delegation includes a number of distinguished private citizens. It has consulted with a broad range of American nongovernmental organizations. This delegation is representative of the diversity of America and of America's roots in Europe. Its voice truly reflects the hopes and concerns of the American people.

I spoke earlier of the past—with its legacy of division—and of the future—with its promise of a reunified Europe. The continuing division of Europe has been a source of tension, which at times has threatened us all. But most importantly, it has meant a deadening repression of pluralism, openness, and free inquiry among the peoples and societies of some of the states represented here. Because we have not sought to impose barriers on our own peoples, the nations of Western Europe, of North America, and of East Asia and other regions as well, have seen a reconciliation of former hostilities and a dramatic expansion of prosperity and invention. Their success—the excitement of their advances—is built upon the idea and values contained in the Final Act, including a belief in human progress, in intellectual freedom, in political and religious tolerance, and in the democratic rights and creative genius inherent in individual men and women.

We in America look to a time when all the peoples in the community of CSCE can share in this spirit of openness and creativity and can participate in a similar release of intellectual and social

energy. Our goal is a future in which all the peoples of the states represented here, both large and small, can flourish—and by doing so, contribute to a more secure peace and an expanded

freedom. That is the promise of Helsinki. It is our common commitment to see that that promise is fulfilled.

¹Press release 244 of Nov. 7, 1986. ■

Vienna CSCE Followup Meeting

Background

On November 4, 1986, in Vienna, the 35 states of the Conference on Security and Cooperation in Europe (CSCE) will meet to review implementation of commitments undertaken when their governments signed the Helsinki Final Act in 1975. The Final Act established a code of conduct for participating states' behavior and outlined practical steps for reducing the barriers dividing Europe. It also created a forum in which the states of Eastern and Western Europe, as well as the United States and Canada, discuss security, economic, and human rights issues. Two followup meetings have already been held in Belgrade (1977-78) and Madrid (1980-83). These meetings, in turn, mandated periodic meetings of experts on particular aspects of the Final Act. Most recently, experts from CSCE states have met to discuss human rights (Ottawa, 1985), cultural freedom and cooperation (Budapest, 1985), and human contacts (Bern, 1986).

Progress to Date

Although the CSCE balance sheet shows mixed results to date, the basic fact of the CSCE process has been the failure of the Soviet Union and, to varying degrees, its East European allies to comply with their Helsinki and Madrid commitments. As Secretary Shultz stated in 1985: "Ten years after the signing of the Final Act, no one can deny the gap between hope and performance. Despite the real value of the Final Act as a standard of conduct, the most important promises of a decade ago have not been kept."

Egregious new compliance failures occur and old ones continue. The Soviet Union still occupies Afghanistan and imprisons and otherwise penalizes its own citizens for exercising the rights and freedoms promised in the Final Act. Despite the recent resolution of several cases, many Soviet citizens married to Americans are cruelly separated from

their spouses by official denial of exit permission. The number of Soviet Jews allowed to emigrate, mainly for family reunification, has fallen drastically from the levels permitted in the late 1970s. The same is true for Soviet citizens of German and Armenian nationality. Recently, U.S. reporter Nicholas Daniloff was taken hostage on fabricated charges of espionage—in flagrant violation of CSCE pledges concerning the treatment of journalists.

Over the years, however, there has been some progress in CSCE. Some Warsaw Pact states have taken steps toward fulfilling their Helsinki and Madrid CSCE commitments, and a few notable cases involving human rights activists and divided families have been resolved. Under the CSCE umbrella, contacts between the peoples of Eastern

CSCE Process

Conference on Security and Cooperation in Europe, Geneva, Sept. 18, 1973–July 21, 1975; the Final Act was signed in Helsinki Aug. 1, 1975 (text in BULLETIN of Sept. 1, 1975)

Followup Meetings

- Belgrade, Oct. 4, 1977–Mar. 8, 1978 (text of concluding document in BULLETIN of Apr. 1978)
- Madrid, Nov. 11, 1980–Sept. 9, 1983 (text of concluding document in BULLETIN of Oct. 1983)
- Vienna, Nov. 4, 1986¹

Experts' Meetings

- Peaceful settlement of disputes (Montreal, 1978; Athens, 1984)
- Cooperation in the Mediterranean (Valletta, 1979; Venice, 1984)
- Science (Hamburg, 1979)
- Conference on Confidence- and Security-Building Measures and Disarmament in Europe (Stockholm, 1984-86)
- Human rights (Ottawa, 1985)
- Cultural forum (Budapest, 1985)
- Human contacts (Bern, 1986) ■

and Western Europe have multiplied. At the Stockholm Conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE), the 35 participants concluded more than 2½ years of negotiations in September 1986 with agreement on specific measures to reduce the risk of war through miscalculation. The agreement, which enters into effect in January 1987, extends Helsinki provisions concerning the notification and observation of military activities from the Atlantic to the Urals. For the first time, the East accepted challenge inspection of such activities by other states.

U.S. Objectives

For the United States and its NATO allies at Vienna, the primary aim is to improve significantly Eastern compliance with all the principles and provisions of the Helsinki and Madrid documents. At the outset, the West will review thoroughly Eastern performance since the close of the Madrid meeting, raising specific problems in conference sessions and bilateral meetings.

Another important aim is to promote balanced progress among the different dimensions of the CSCE process to ensure human rights are given at least equal weight with other CSCE elements. Balance is critical to promoting the Final Act's goals of security and cooperation. The successful outcome of the Stockholm security talks highlights the need to address human problems—human rights, basic freedoms, and humanitarian cooperation. Tangible steps in these fields are necessary if the CSCE process is to advance. It is important that the new steps forward be based solidly on significant improvement in compliance with existing commitments.

Considerable interest has been expressed in encouraging compliance and cooperation on economic, environmental, and scientific matters. The meeting also will review the future of the CDE conference in the context of the broader CSCE process.

Taken from the GIST series of Oct. 1986, published by the Bureau of Public Affairs, Department of State. Editor: Harriet Culley. ■

Secretary's News Conference in Vienna

Secretary Shultz held a news conference in Vienna on November 6, 1986, following his meeting with Soviet Foreign Minister Eduard Shevardnadze.¹

We came here well prepared to build on the results of Reykjavik. We are also prepared to be patient in doing so, as we must be, since the rhythm and pace of this negotiation cannot be forced by either side. I cannot report the kind of progress we would like, but we will continue to work for progress in all areas of our extensive agenda with the Soviet Union.

I have just concluded over 5 hours of talks with Foreign Minister Shevardnadze, including about 3 hours of private time. The meetings dealt with all four areas of our agenda. The U.S. purpose in coming here was to confirm and build on the results of Reykjavik. We brought along our top experts so we could have the kind of intensive discussions that have brought progress over the last few months. The experts met last night for more than 3 hours. I can't say that the meetings have moved arms control matters along in any significant way, and I regret this. We did move along in other areas, and I'll review them.

First, on human rights: I took the occasion of my private session for a thorough and frank statement of our most pressing concerns on human rights and humanitarian issues. During the course of the discussions, we pressed the Soviets for some regular process to review these kinds of concerns. We do believe that they now agree that these issues will be part of the regular reviews that we have on bilateral issues, and we will bring them up. I will, of course, continue to raise these issues at my level, as we will on all occasions when we meet with the Soviets. It's important that the Soviets come to realize how strongly we in the West feel about Soviet abuse of human rights, and how serious an obstacle it is to the long-term progress in our relations.

On regional issues: There has been an expanding dialogue. We held one cycle of experts' meetings in 1985, and we have repeated the cycle this year. In August, we added a new, more broadly focused meeting at the level of Under Secretary of State. We have suggested to the Soviets that we start planning a new cycle of those meetings, and they are considering that proposal, and I expect that in due course we will proceed.

On bilateral affairs: At Reykjavik we reached agreement on a fairly ambitious program of bilateral activities. This work has gone forward since then and produced results. Last week, for example, we reached agreement on the basic elements for cooperation in civil space programs. We have also had some good exchanges on a number of other areas, such as nuclear fusion, transportation, and energy. Foreign Minister Shevardnadze and I agreed that this bilateral work program should move forward.

We had extensive discussions about nuclear arms control. Since Reykjavik, our objective has been to build on the results of Reykjavik and translate them into action at Geneva. In fact, the United States has already been doing this by formally incorporating the Reykjavik results into our negotiating positions at Geneva.

Thus, we came to Vienna prepared to confirm the progress made at Reykjavik. In addition, there are still some very important areas of disagreement in each of the three negotiating areas of Geneva—START [strategic arms reduction talks], INF [intermediate-range nuclear forces], and defense in space. We came there hoping to discuss these differences, to clarify them, and, if possible, to narrow them. In other words, we came prepared to move forward. We brought our arms control experts, and we had prepared papers covering each of the major nuclear arms control subjects. These papers reflected areas of agreement, and where there were differences, we stated clearly our positions and our understanding of the Soviet positions. Unfortunately, it has not been possible to move ahead as we had hoped. These issues will continue to be pursued by our negotiators in Geneva, who will continue explaining the new U.S. proposals reflecting the progress in Reykjavik. To maintain momentum, we also proposed that the U.S. and Soviet experts get together between the nuclear and space talks rounds—the current one will end early next week and the next one won't start until January—so we proposed that experts get together as they did last summer between rounds and see if they can make some progress as they did last summer. That offer is on the table. We suggested language that would permit initiation of negotiations on nuclear testing. The Soviets didn't seem to be interested.

The Foreign Minister and I discussed conventional arms control and chemical weapons. I emphasized that progress in these areas was a necessary complement to progress in reducing nuclear arms. I also pointed out a key to existing negotiations on both subjects was verification. And, we are still waiting for a serious Soviet effort to address our proposals in this regard. We gave them a package which set out what we believe was agreed at Reykjavik and where there are differences, set forth our position and our understanding of their position.

On START, the point of departure is the agreement at Reykjavik to 1,600 intercontinental ballistic missiles (ICBMs), submarine-launched ballistic missiles, and heavy bombers. There would be no more than 6,000 warheads on these systems. That was agreed. We repeated the counting rule for bombers that was worked out at Reykjavik.

Now, the next step which we proposed is to add sublimits to this framework. We proposed sublimits of 4,800 ballistic missile warheads, 3,300 ICBM warheads, and 1,650 warheads on permitted ICBMs except those on silo-based, light- and medium-ICBMs with six or fewer warheads. These numbers represent substantial movement in the direction of the Soviet position. These reductions would be carried out in a phased manner and completed by the end of 1991.

We also put forward verification ideas that were discussed and agreed in principle in Reykjavik. These call for a comprehensive exchange of data, on-site observation of elimination down to agreed levels, an effective monitoring of remaining inventories, and associated facilities, including on-site inspection.

So, that's in essence our START position, and where we think the agreements are in Reykjavik—where it's important to move forward.

Our presentation on INF began with the solution agreed upon at Reykjavik: to reduce longer range INF missiles to 100 warheads worldwide on each side. The 100 warheads on the Soviet side would be in Soviet Asia. The 100 on the U.S. side would be in the United States. Neither side would deploy such missiles in Europe. Basically, that was agreed in Reykjavik. These reductions would be carried out in a phased manner and completed by the end of 1991. We set forth our position on shorter range missiles, that the numbers should be constrained at or below the current Soviet level, and that the United States, of course, would have the right to the same number. We

understand the Soviet view is that their present monopoly in such weapons should be frozen. We cannot accept that. We advanced for INF the same verification ideas discussed a moment ago for START and which were agreed in principle in Reykjavik. These limits would remain in effect until superseded by agreement providing for further reductions. Follow-on negotiations would begin by a date certain aimed at the elimination of long-range INF missiles on both sides worldwide, and also would deal with the question of shorter range INF missiles.

In the area of defense in space, we repeated our willingness to undertake for 10 years not to exercise our existing right of withdrawal from the ABM [Anti-ballistic Missile] Treaty. During that period, the sides would strictly observe all provisions of the ABM Treaty. Within the first 5 years of the 10-year period, the strategic offensive arms of the two sides would be reduced by 50%, as I've just discussed. During the following 5 years, our position is that the remaining offensive ballistic missiles of the two sides would be eliminated. The Soviet position is that all strategic offensive arms would be eliminated. At the end of this 10-year period, in our view, either side would be free to deploy advance strategic defenses if it so chose, unless the sides agreed otherwise. Again, the verification ideas I discussed a few moments ago would be applied to this agreement as well.

In the area of verification, since there was a considerable discussion back and forth in Reykjavik between the two leaders, and they both confirmed to each other their insistence that extensive and intrusive verification had to accompany agreements of this magnitude, we put forward some separate statements on the subject. We laid out in some detail our view on the central role of verification in this process and the need to concurrently negotiate effective measures that would give both sides confidence in the observance of the obligations that were assumed.

On nuclear testing, we laid out the basis on which we are prepared to begin negotiations on nuclear testing. The agenda for these negotiations would first be to resolve verification issues associated with existing treaties. With this resolved, the two sides would immediately proceed in parallel with the reduction and elimination of nuclear weapons to address further step-by-step limitations on testing, leading ultimately to the elimination of nuclear testing.

So you can see that we laid out in some detail our view of where we stand following Reykjavik. The agreements we proposed are fair to both sides and would be a dramatic step forward. And I continue to believe that as this process and the rhythm and pace of it moves along we may wind up, 4 or 5 years from now, looking back at Reykjavik as a watershed meeting. We put forward language to record what was agreed; and where differences remain, we put forward our position and our understanding of the Soviet position. Our objective was to clarify where we stand and, where possible, to narrow differences. The only real progress I can report is that we, again, made our position clear, and we affirmed our readiness to move ahead on these important matters.

I'll be glad to have your questions.

Q. Apart from Geneva, what happens now? Will you and Mr. Shevardnadze meet again?

A. We haven't made any explicit date, but we affirmed to each other that as two human beings and foreign ministers we have a responsibility to the potentiality of what was agreed in Reykjavik—to keep after it. And I mentioned the proposal we have on the table for some experts' talks, and we, of course, are in constant touch through our diplomatic channels. If a meeting between us seems useful, I'm sure we'll be able to arrange it, but getting ourselves set to make such a meeting fruitful is the key.

Q. You did not, I believe, refer to the issue of terrorism, and it was our understanding that you would try to enlist Soviet understanding, if not cooperation, in the U.S. concern about Syrian state-support of terrorism and other incidents of terrorism. Did you discuss the issue? Did you get any results?

A. I certainly did discuss the issue. And I pointed up the fact that a careful British judicial process sifted through and weighed evidence and came to the conclusion—and the facts are there—that Syria, as a government, took part in the planned terrorist act in connection with the El Al plane. I think it is also apparent from the investigations of other terrorist incidents that Syria seems to have a role, but the British evidence is the most concrete and complete. There is also continuing evidence about Libya's involvement.

Of course, the investigation by Pakistan of the Karachi terrorist act continues, and I invited the Foreign

Minister to look carefully at this evidence. I didn't get any agreement with him that Syria is involved in terrorist acts, but he said he would look at the evidence.

Q. You spoke a lot of the American position as being very forthcoming. Did the Soviets simply listen to you? Did they put forward their own initiative and proposals to narrow the gap?

A. I'm sure they will give their views, so it's not for me to try to do that. However, as we found it difficult to engage them in a discussion of all of these various issues that were covered in Reykjavik, and found them focusing continuously on the question of the meaning of the ABM Treaty as to permitted activities and their proposal about laboratory research, it seemed to us that their objective of trying to cripple—or it seemed to us that they have the objective of crippling—the President's effort to find out how we can defend ourselves against ballistic missiles. If that is their objective, it is not going to work. On the other hand, there are some very important matters that can be moved forward on, and we will continue patiently to work at them.

Q. Did you propose to the Soviets that we go ahead and try to reach a separate agreement on INF, and did they respond to you by saying that all of this must be [inaudible]?

A. We didn't get to that point because we found it so difficult to engage them with these different subjects as they were fixed on only one subject.

Q. Did you have a chance to raise with the Secretary the Baltic issue, and if you have not, will the American delegation raise the Baltic issue of the Estonian, Latvian [inaudible]?

A. All of these issues will be raised at the CSCE [Conference on Security and Cooperation in Europe] Conference. I heard a lot about it last night, and we have made our views clear, across the board, on humanitarian and human rights issues.

Q. Could you amplify on what you meant by them trying to cripple the SDI [Strategic Defense Initiative] program by their insistence on discussing the meaning of ABM in the laboratory proposal? Because some people have suggested that really the Soviets are making a compromise here or that they weren't really trying to cripple it, that there was a misunderstanding. Could

you explain why—what the Soviets are talking about—would make it impossible for the SDI to proceed?

A. If you narrow the scope of what can be done by way of research and testing and discovering how to defend yourself against ballistic missiles, if you constrain the scope of that program beyond what is called for under the ABM Treaty, you make it more and more difficult for the research to be productive; and, therefore, you slow down and cripple the program. That's what we won't agree to. We believe that the program can go forward perfectly effective, strictly in accordance with the provisions of the ABM Treaty, which are being observed, and that's sufficient. We'll stick with the treaty. We don't want to change it.

Q. The main question is why the United States needs the SDI when there are possibilities to disappear the whole atomic nuclear weapons in 10 years. Could you go, please, a little deeper toward this problem?

A. For three reasons. First, it may or may not be true that these weapons will disappear. So, in the meantime, if we can learn how to defend ourselves against them, we must do so. Second, it's clear that if you believe there is a chance for these radical reductions to take place, it is also clear that one of the reasons why that is so is the existence of a strong, active, and promising program of research. Third, if an agreement is reached and a process of reduction takes place, you want to be sure it continues.

I've said there were only three reasons; I've got a fourth. After you have completed the process, it's known in the world how to produce these weapons. So when something is known, you can't be sure that it won't be produced somewhere. So you need an insurance policy. If you're going to build yourself a nice house and invest your fortune in it, of whatever size, you certainly are going to want to take out an insurance policy, and having the ability to defend yourself is that insurance policy. So there are very important reasons why it's critical for us, and for people all over the world, that this effort to find out how to defend ourselves go forward.

Q. Did you discuss the question of another summit in the near future?

A. No, the subject never came up.

Q. Is it now your conclusion there is no prospect for an agreement on European missiles so long as [inaudible]?

A. No, I tried to indicate my view. This is a long-paced negotiation, I'm sure, and it has its rhythm. The pace can't be forced by either party. So it shifts around, and our approach is to be in close consultation with our allies, to maintain the strong and unified position that we have, and to be patient in working for the results that we believe are essential. And we'll keep at it. I think that in the end there is a very good chance that we'll get there.

Q. Going back to the question of what the Soviets want the ABM Treaty to mean, did they offer you any extended definition of the laboratory that might include, say, space-based research facilities, or did they offer in any way to adhere to an agreement that would essentially enshrine the [inaudible] United States as a restrictive interpretation of the ABM Treaty?

A. The discussions really didn't get into that kind of detail; although, certainly if we are able to engage them in Geneva, or if there is the kind of experts' meeting that I referred to, we are prepared to state what we think that treaty permits. We've done so, and did so last night briefly, for that matter, and listened to what they had to say.

Q. Mr. Gorbachev should have gone to Washington before the end of this year to meet with Mr. Reagan, and Mr. Reagan should have gone to Moscow some time next year. Are the prospects now for any major arms control deal within the Reagan presidency now dead?

A. I think that the meeting at Reykjavik moved matters forward across the board in dramatic ways, and the problem now is to somehow capture that movement in all of the areas that I've gone through here and make it a reality. And since there has been so much progress comparing now with, say, 2 years ago—I recalled with Mr. Shevardnadze this morning, we sat in a room in their embassy—I sat there for 6 hours with Mr. Gromyko. At the end, there came the beginnings of what emerged at the President's meeting with Mr. Gorbachev in Geneva a year ago. So we keep at this, and I think some progress will be made.

Q. The Soviet Minister, Shevardnadze, left saying that these talks left him with a bitter aftertaste. He accused the United States of backtracking—his words—from the achievements made at Reykjavik. Do these talks leave you with a bitter aftertaste as to the lack of progress he's obviously referring to here?

A. Bitter aftertaste is his word. He told me he was going to say that, and I told him what I was going to say, and we each choose our words, no doubt with care. I prefer words like "we were well prepared," "we're prepared to be patient," "we understand that negotiations of this kind have a rhythm and pace to them, and we'll work with it."

Q. In the context of either terrorism or regional disputes, did the subject of the U.S. arms embargo on Iran come up, was that subject discussed, and does the United States still have an arms embargo?

A. The subject didn't come up.

Q. You now have just about 2 years before the end of the Reagan Administration. In light of what's happened here, do you think there is really any prospect for any kind of agreement within these 2 years?

A. We are certainly prepared for one, and as I pointed out a number of times, we came here with a very strong team and with written statements to work from. We'll continue in that vein. Two years is a long time.

Q. Did the Soviet proposal or argument [inaudible] change in any way between Reykjavik and what you heard [inaudible]?

A. The problem wasn't so much change as it was an inability somehow in the discussions we had here to review carefully the sweep of things discussed in Reykjavik, as they seemed so fixed on just one or two aspects of it. There was progress made across the board, and there were problems identified across the board. So we came here feeling that the way to proceed is to, in a sense, codify, nail down the progress, identify where the problems are; and that's a method of starting to work through solutions to the problems. And we'll continue to strive for that.

Q. Even though the subject didn't come up in your meetings with Mr. Shevardnadze, can you give us your views on approaches to Iran over the hostages in Lebanon [inaudible] spare parts?

A. All of those questions, as I said earlier, are being handled out of the White House, and I don't have any comment on them.

¹Press release 243. ■

Visit of West German Chancellor Kohl

Chancellor Helmut Kohl of the Federal Republic of Germany made an official visit to the United States October 20-23, 1986, to meet with President Reagan and other government officials.

Following are arrival remarks made by President Reagan and Chancellor Kohl and the text of a joint statement on the establishment of the U.S.-German Youth Exchange Council.¹

ARRIVAL REMARKS, OCT. 21, 1986²

President Reagan

Today it's an honor to welcome Chancellor Kohl. This marks his sixth visit to us as leader of the German Federal Republic. He and his fellow citizens are friends and partners with whom we share a desire for peace and a commitment to the principles of human freedom.

Our nations' solid bilateral ties, our resolve to maintain the viability of the Western alliance, and our dedication to the values and ideals which are the underpinning of political and economic freedom have been a great boon to the German and American peoples. The great German writer-philosopher Gotthold Lessing once wrote: "Nothing under the sun is ever accidental." Well, 40 years of European peace have been no accident. The good fortune can be traced, to a great degree, to the solidarity and cooperation between our two peoples and governments.

When a buildup of intermediate-range missiles by our adversary threatened the peace, our alliance was put to the test. Chancellor Kohl and his government stood firm in the face of a well-orchestrated international and domestic propaganda campaign aimed at paralyzing our ability to respond.

The deployment, however, of weapons is not an end in itself; it is a means to an end. What we seek is the security of our countries, the freedom of our peoples, and the peace of the world. Our strength of purpose, as well as our military might, are vehicles in the search for a lasting peace.

Chancellor Kohl's visit comes at an opportune time. I look forward to discussing with him my recent meetings with General Secretary Gorbachev and subsequent events. There is, as I will explain, ample reason for optimism.

Whatever progress is made, it will be based on the solid foundation Germans and Americans have built together, particularly in the last half decade.

Three years ago, I presented a plan which would have reduced American and Soviet longer range INF missiles to zero globally, thus called the zero option. Building on the diplomacy of interceding years as well as the deployment of our cruise and Pershings, General Secretary Gorbachev and I came close in Iceland to reaching an agreement that would have drastically reduced these missiles on both sides. We are now striving to build upon the progress achieved in Reykjavik.

And it should not escape anyone's attention that the Soviet Union and the United States are now seriously talking about reducing offensive weapons. This is a giant step forward from the time, not so long ago, when arms talks merely put a cap on weapons at high levels, permitting the building of more missiles and more warheads.

When the next agreement is finally reached with the Soviet Union—and I say when, not if—it will not be the result of weakness or timidity on the part of Western nations. Instead, it will flow from our strength, realism, and unity.

Our allies in these last few years have withstood intimidation and brazen interference in their domestic political processes. Our adversaries misjudged individuals like Chancellor Kohl and the other leaders of the Western democracies. Under intense pressure, they did what was necessary: held firm. And because of their fortitude, the free world is now neither vulnerable nor subservient.

The record of the European peoples is long and glorious. In so many ways, Europe is the cradle of modern civilization. The indomitable spirit demonstrated by our European neighbors and allies in the postwar era—from the Berlin airlift to our solidarity leading to my recent meetings in Iceland—has made the difference. The tide has been met, the tide turned, and the flow of history is now on the side of the free.

We in the West are now engaged in a great technological revolution: in medicine, electronics, physics, and so many fields of human endeavor. More has been discovered in the 20th century than in all the preceding centuries put together. Our scientists, at this moment are making great strides toward developing technology that can protect

mankind against ballistic missiles, and that protection applies to the United States, our allies, and, yes, even our adversaries, if need be.

A purely defensive system that makes these missiles ineffective also makes them more negotiable. A defensive system makes an arms reduction agreement more likely because it offers protection against cheating. This and not trust will lead to reducing, and we hope ultimately eliminating, the nuclear arsenals that now threaten all humanity. If a defensive system was not a viable option, the Soviet Union would not be committing so much of its own resources in developing and deploying strategic defenses of its own.

Technology can open up new doors to peace and security, and that's what our Strategic Defense Initiative is all about. The time has come to rechannel the efforts of some of our best minds to develop tools which can be used to maintain peace, tools that protect rather than kill. The United States stands ready, as I assured Mr. Gorbachev in Iceland and reaffirm today, to negotiate seriously about safeguards that will enable the Soviet Union to share in the benefits of strategic defense.

What we in the West have done to rebuild our strength and revitalize our alliance has guaranteed the peace, but a lasting peace cannot be based simply on an arms agreement. Better relations must include more and open, freer contacts between people and governments, a respect for human rights, and an end to those regional conflicts that continue to plague mankind.

Chancellor Kohl and the German people have been steadfast in their support and in their friendship for many years. They know, as we do, that our destinies and those of all free people are tied. We strive for a free, secure, and prosperous world—a world at peace; and we do it, together, with our friends and allies, the German people. So it gives me great pleasure to welcome Chancellor Helmut Kohl, a partner, colleague, and friend.

Chancellor Kohl³

I'm delighted to be in Washington again, and I feel that this wonderful fall day, with its sunshine, is a very true symbol standing for the nature of the relationship between our two countries.

And it gives me particular pleasure, Mr. President, to see you again—a good friend of our country and an esteemed personal friend. This is the seventh time that we have met since I took over the

office of Federal Chancellor back in 1982, and this figure alone gives an indication of the intensity and closeness of the relations between our two countries and governments.

And in addition, we have often been in contact, consulting each other by letter or telephone. And I would like to take this opportunity before the public of your country, here, to express my appreciation and my great gratitude for this trustful cooperation. I thank you for this form of close cooperation which is based on mutual trust, and it is a token of a friendship and partnership underpinned by shared values, ideals, and interests.

Germans and Americans are united with the British, the French, the Italians, and others in the Atlantic alliance, an alliance of historical dimension. It is a community based on reciprocity, a defensive alliance against aggression and political blackmail, an alliance for the preservation of democracy, freedom, and human rights.

The security of the Federal Republic of Germany is indissolubly linked with this alliance and through our partnership with the United States of America. Only with the assistance of the United States can the security of Western Europe be assured. The American troops in the Federal Republic of Germany are defending our common freedom together with our troops, and they are welcome in our country. Mr. President, you and your fellow citizens in this country should know that the vast majority of the citizens of the Federal Republic of Germany are in favor of the presence of these troops, and they regard them as their friends. And we know that we can rely on each other.

The European allies render an important contribution to our common defense. And the 12 states united in the European Community are undergoing a dynamic process of political and economic integration through which the European pillar of the alliance will be strengthened. And we Europeans have recognized that this is the only way in which we can play a role in tomorrow's work.

In your speech to the European Parliament in Strasbourg in May 1985, you welcomed and appreciated this development. It will not be detrimental to our alliance, but is going to strengthen it.

It remains our goal—and I know that I share it with you, Mr. President—to create peace and security with ever fewer weapons. In Reykjavik, thanks to your serious and consistent efforts in

pursuit of peace, a major step was taken in this direction; and we must now take the opportunities that present themselves without endangering our defensive capability.

Your meeting with General Secretary Gorbachev confirmed that the Soviet Union, too, is interested in an improvement of the relations between West and East. And we should take the Soviet Union at its word and sound out at the negotiating table where real progress could be made.

My government is contributing actively to the efforts to promote dialogue and cooperation, confidence, understanding, and reconciliation. The world is looking hopefully to the two superpowers, but the small- and medium-sized states must play their part and make their contributions as well.

In your impressive speech to the young Germans gathered at Hamburg Castle, in my home district, in 1985, you said: "The future belongs to the free." Let us continue to work together for this goal. We must convince the young people, the young generation, in the United States, in the Federal Republic of Germany, all over the world, that it is worthwhile to stand up for our values for freedom, democracy, and the rule of law.

You have been persuasive and vigorous, Mr. President, in your support of an increase in youth exchanges between our peoples. For that, I am grateful to you, and we will discuss this subject further. Together, we shall create conditions under which even more young people from our two countries will have the chance to get to know one another.

Under your leadership, the United States of America has rediscovered self-confidence and regained a spirit of enterprising leadership. As in the past, these are the qualities that will enable the American nation to master the challenges of the future. The Federal Republic of Germany, with all its citizens, will be a loyal friend and partner to the United States of America as it goes about this task.

JOINT STATEMENT, OCT. 21, 1986

U.S.-German friendship and cooperation enhance our mutual interests. We are convinced that youth exchange of all kinds will help ensure that this friendship will flourish in the future. We agree on the need to have our succeeding generations play an increasingly active role in promoting this friendship. In recent decades there have been many

youth exchanges between the United States and the Federal Republic of Germany

Recently, with the impetus of the Presidential Youth Exchange Initiative of 1982 and subsequent important contributions from the Federal Republic of Germany, bilateral exchanges have nearly tripled. To ensure that these exchanges will thrive, we have agreed to the creation of a U.S.-German Youth Exchange Council.

Our two governments, as well as nongovernmental organizations and individuals who have been involved in youth exchanges, or those who have played a leading role in U.S.-German relations, will be represented. The Council will provide advice on improving youth exchange programs, suggest new exchange initiatives, and explore additional funding resources. The Council will meet at least once a year in Washington or Bonn in connection with the cultural exchange talks between the United States and the Federal Republic of Germany.

¹Text from Weekly Compilation of Presidential Documents of Oct. 27, 1986.

²Made at the South Portico of the White House, where Chancellor Kohl was accorded a formal welcome with full military honors.

³Chancellor Kohl spoke in German, and his remarks were translated by an interpreter. ■

U.S. Policy Toward the Third World

by Michael H. Armacost

Address before the National Third World Studies Conference in Omaha, Nebraska, on October 17, 1986. Ambassador Armacost is Under Secretary for Political Affairs.

I'm delighted to be here this afternoon to address the ninth National Third World Studies Conference. I have been asked to offer some observations regarding U.S. policy toward this large, diverse, and important group of countries.

I am happy to do so. There is more than a little challenge in the assignment, for you should know that there is no bureau in the Department of State responsible for dealing with the Third World *per se*. Those who deal with its myriad concerns and the numerous challenges it presents are scattered among a variety of offices. Let me attempt to pull together a few of the central threads.

The Third World and Its Importance

What is the "Third World," and why is it important to the conduct of our foreign policy?

When we speak of the Third World, we are using an imprecise description—a term of journalistic convenience, not of precise analysis. We usually credit the French with coining it. To those with a sense of history, it perhaps recalled the Third Estate of commoners, who opposed both the king and the church. In practical political parlance, the Third World has come to describe developing countries that seek to avoid domination by the superpowers and to preserve their freedom of maneuver between East and West. To the extent the term suggests common aspirations among countries as diverse as China and Burma, Cuba and Brazil, Libya and Saudi Arabia, Nigeria and Botswana, the term can be positively misleading.

Yet there is a core of solidarity among Third World countries that derives from shared memories of past humiliations, a resolve to remove the remaining relics of colonialism, and what one astute observer has described as "an

almost racial feeling that Asians and Africans were, in a sense, a separate part of humanity, long victimized and now claiming their birthright."

Third World nations are of great importance to the United States. Developing countries occupy more than half of the world's surface and embrace 75% of its population. They contain vast material and human resources and are of great consequence to our economy as suppliers and markets.

A third of our manufactured exports goes to the Third World, which also takes about 40% of our agricultural exports. A high percentage of our crude oil imports comes from the Third World, as does the bulk of certain industrial raw materials. For example about two-thirds of our bauxite comes from Jamaica and Guinea. Nearly two-thirds of our tin is imported from Thailand, Malaysia, Indonesia, and Bolivia.

Increasingly, Third World countries, including a number without impressive natural resource endowments, exert a powerful force on investment flows and world trade in manufactured products through their entrepreneurial prowess, their capacity for innovation, and their marketing skill. For these latter countries, the line between a developed and a developing nation has been crossed or at least blurred.

The strategic location of many developing countries also gives them a special military and geopolitical importance to us. Some, like South Korea, Pakistan, Thailand, and the Philippines, are close allies; others provide us access to important military facilities; still others deny the Soviets such facilities.

Beyond this, the countries of the Third World collectively represent an important political force. Over time, they have given various organizational expressions to their shared perspectives and aims. The Nonaligned Movement (NAM) was formally organized at the Belgrade summit convoked by Marshal Tito in 1961. But the roots of Third World efforts to define foreign policies independent of the superpowers can be traced back at least to the Bandung conference of April 1955. The leaders of the movement at that point were primarily Asians—among them, Nehru, U Nu, Sukarno, and Chou En-lai.

In the 1960s, the newly independent countries of Africa sought strength in numbers and found common cause in

efforts to protect their independence and promote their development. Their influence was registered in the brief appearance of the Afro-Asian Peoples Solidarity Organization and more permanently in the expansion and growing voice of the NAM.

As attention shifted from the protection of sovereignty to economic development, the Latin American countries—most of whom attained independence in the 19th century—found they shared many common aims and common afflictions with the Africans and Asians. Indeed, the Latin Americans asserted a strong lead in the first UN Conference on Trade and Development in Geneva in 1964. The Group of 77 (G-77)—which increased its numbers but kept its acronym—became the principal lobbying organization through which developing countries pressed for radical adjustments in the international economic system.

In the 1970s, certain Arab states—particularly those with oil—found their place in the forefront of the NAM and G-77. OPEC's [Organization of Petroleum Exporting Countries] success as a supplier cartel able to manipulate supplies and administer prices fueled a growing sense of power among all developing countries. A number of them—Algeria, in particular, comes to mind—took the lead in pressing for a new international economic order based on the premise that the structural economic problems of developing countries were the responsibility of the developed world, whose members consequently had an obligation to redistribute global wealth and economic power as compensation for past transgressions.

By the mid-1980s, a changing international economy and the success of some developing countries with market-oriented economic development had taken much of the steam out of efforts to legislate a new international economic order. The NAM maintained ritual support for far-reaching structural economic reforms, but attention returned strongly to political issues.

Economically, the differentiation of Third World nations is well advanced. Nor do they speak with a single voice politically. Yet, to enhance their collective influence in international fora, they have coordinated closely on many such issues through the NAM.

U.S. Policy Principles

Let me turn to some of the principles that inform U.S. policy toward the Third World. For peoples and nations so heterogeneous and so diverse in their claims on our interest, there can be no simple U.S. policy. However, we approach the Third World with a number of general policy guidelines in mind.

First, we attach high importance to the economic development of the Third World. This is a matter of self-interest but also reflects our sense of responsibility for helping to create a stable global environment in which all share a stake.

We have been the leading source of financial and technical assistance to developing nations since World War II. We sponsored most of the international financial institutions that have shouldered a growing share of the burden for financing development. We pioneered institutions like the Fulbright Exchange Program and the Peace Corps.

Our capital market has been fully open to borrowers from developing countries. By 1984, our commercial lending institutions had lent some \$140 billion to Third World countries. Equity investment in the Third World exceeded \$50 billion, or roughly a quarter of our total overseas investment. Our transnational corporations have taken the lead in fostering the global diffusion of industrial know-how, technology transfer, and capital movement.

The sustained growth of our economy and the open access we afford others to trade in our market is perhaps the largest contribution we make to the growth of developing countries. Policy lines in a field so vast are difficult to summarize, but we proceed on the basic premise that, for Third World countries as for others, the path to sustained growth lies in the efficiency of free and open markets, encouragement to entrepreneurial activity in the private sector, and the full use of the opportunities available for mutually beneficial economic transactions in the international trading and financial systems.

With respect to the instruments of policy, aid and trade are, of course, paramount.

Development Assistance—Despite severe budgetary constraints arising out of our own deficit, we continue to lead the world in bilateral economic assistance and in our support for

multilateral development banks and other financial institutions. Over the past 5 years, the Reagan Administration increased U.S. official development assistance from \$6.5 billion to \$8.8 billion a year—a level well above other industrial democracies and about four times that provided by the Soviet Union. Contrary to the popular misconception, the bulk of our bilateral aid is not military assistance but, rather, is economic aid. America has been the principal source of financial relief to those struggling with debt problems. And we have repeatedly taken the lead in organizing relief efforts in response to natural calamities such as the African drought and the El Salvador earthquake.

Trade—The developing countries understandably want trade more than aid—an opportunity rather than a hand-out. That serves our interests as well and explains why we have kept our market more open to Third World exports than has any other industrial nation. Our two-way trade with the Third World is now greater than our trade with Japan and Western Europe combined; it is 10 times greater than Soviet trade with the Third World. We are also taking the lead in further strengthening the world trading system. The successful Punta del Este meeting last month cleared the way for a new GATT [General Agreement on Tariffs and Trade] round of multilateral trade negotiations. The objective must be to reduce further the impediments to free and fair trade—particularly by removing nontariff barriers to trade. We shall be sensitive to the interests of developing countries by resisting protectionist trade pressures. We will also seek to address subjects of special interest to us—services, protection of intellectual properties, and agriculture.

The point, however, is this: we recognize a large American stake in assuring that the Third World enjoys a full opportunity to share the benefits of growth and prosperity.

Second, beyond seeking to encourage economic growth in the Third World, we have taken an active hand in promoting the peaceful resolution of Third World regional disputes.

- We have attempted to use our relationship with South Africa and the front-line states to promote an equitable

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resolution of the issues of Angola and Namibia and to foster the swift and peaceful dismantling of apartheid in South Africa while expanding our tangible support for the black community in South Africa and for Pretoria's neighbors.

- In the Middle East, we remain the only power that can exert significant influence on both sides of the Arab-Israeli dispute. We continue to promote a just and lasting solution to the Palestinian problem in the context of peace between Israel and its Arab neighbors. Some maintain that an international conference is a necessary step to move the process along. In our view, such proposals should be judged in terms of their efficacy for facilitating direct negotiations among the parties directly concerned. As the Camp David accords demonstrated, we can work closely with the parties, we can facilitate talks, but in the end, direct negotiations among the parties to the dispute are the key to an enduring settlement.

- In Central America, we have directed our energies to consolidating the stability of our democratic friends, shielding them from subversive forces directed from Nicaragua, encouraging a dialogue between the Nicaraguan Government and its democratic opposition, and supporting a negotiated settlement through the Contadora process.

With respect to conflicts arising out of Soviet attempts in the late 1970s to reshape political forces in a number of Third World countries through direct or indirect application of force—as, for example, in Afghanistan, Angola, and Cambodia—we are determined to support those resistance forces that are fighting for their independence and freedom. However, we also believe these conflicts can and should be resolved politically. We have outlined a framework for promoting such solutions. The key is a negotiating process between the warring parties to bring an end to violence, national reconciliation, and the withdrawal of foreign troops; we see scope for U.S.-Soviet talks to support such negotiations, ensure a verifiable departure of foreign troops, and stem the flow of outside arms; and, finally, we have affirmed our willingness to extend generous support for the reintegration of those countries into the world economy.

Third, while the Third World may share some common perceptions, by and large, it is a highly differentiated group

of countries with which we should cultivate strong bilateral ties. Brazil, Argentina, and Mexico in Latin America; Egypt, Israel, and Jordan in the Middle East; key oil-producing states in the gulf; India and Pakistan in South Asia; Nigeria, Zambia, and Zaire in Africa; South Korea, China, and the ASEAN [Association of South East Asian Nations] countries in Asia are only the most obvious of the Third World countries whose size, location, resources, economic prowess, military potential, and capacity for effective action invite special attention from the United States. There are scores of others. We are devoting much attention to this task.

Fourth, we strongly support emerging Third World regional associations that are demonstrating a collective will to solve problems. Regional groups that provide a means for pragmatic cooperation to solve concrete day-to-day problems tend to flourish. The Gulf Cooperation Council, the South Asian Association for Regional Cooperation, the Organization of American States, the Association of South East Asian Nations, and the Organization of African Unity all have demonstrated this potential. We are providing encouragement and support.

Fifth, we recognize that the United Nations is an institution of special importance to Third World countries. It is easy to understand why. Americans themselves regard the United Nations as an international expression of our hope for a more orderly, peaceful, and prosperous world. We are committed to the United Nations as a world forum and a sort of parliament for mankind. For the countries of the Third World, the United Nations offers a means of spotlighting attention on their concerns, a forum in which they can seek to influence great power behavior and use the strength of their numbers to press their case on economic and political issues.

The General Assembly and Security Council are the proper places for political debate. With our great tradition of freedom of expression, we feel at home working in such quasilegislatory bodies. We take words and ideas seriously. We intend to express our views forcefully, and we pay attention to what others say on the issues and about us.

In the United Nations, as in other multilateral institutions, however intense the clash of interests, norms of civility must be observed. A tough debate is to

be expected, but double standards, abuse, and the constant introduction of extraneous issues should be avoided. We want to strengthen the United Nations so that it can make a more effective contribution to international peace and problemsolving. We cannot do this alone. The cooperation of all countries is necessary.

We thus remain strongly committed both to the United Nations as an institution and to its reform. The recommendations of the Group of 18, if implemented by the General Assembly, will be an important starting point.

The Nonaligned Movement and the United States

In this context, let me say a further word about the Nonaligned Movement, which remains the principal Third World lobby within the United Nations. A notable feature of many nonaligned pronouncements is the disparity in the critical standards applied to the United States and Soviet Union, respectively.

Americans find it difficult to accept these unequal standards. It was the West that conferred independence on vast territories in Africa and Asia, while the Soviets have not loosened their grip on Eastern Europe. The West—not the Soviet Union—has extended vast quantities of foreign assistance and afforded developing countries preferred access to its markets. It is the West—not Moscow—that has sustained the multilateral agencies and institutions on which the Third World has come to depend for its development. Yet, on both political and economic issues, it is the West—and particularly the United States—that absorbs the brunt of criticism and complaint.

What accounts for this disparity? The basic answer is that the United States attracts more Third World attention and criticism because our policies and actions matter. We have the greater power to affect events; and, in most of the Third World, we have a much more active presence than the Soviets. We have the capacity to influence highly charged issues like the Middle East and South Africa. Third World countries view these with high emotion; and horse-trading among regional caucuses in the United Nations often results in the aggregation of extreme views.

The membership policies of the NAM further encourage this tendency. Soviet surrogates make their voices heard because the NAM has permitted Cuba,

Vietnam, Laos, North Korea, and other countries with whom the Soviet Union has a relationship of military support to retain formal nonaligned status—indeed, to exercise a measure of leadership. Regimes that have come under Soviet control, such as that in Afghanistan, are not expelled. Yet the NAM continues to exclude countries such as Honduras, El Salvador, South Korea, Thailand, and Venezuela. The cadre of pro-Soviet countries within the NAM and the nature of NAM procedures themselves have made it possible for the Soviet Union both to block criticism of its own policies and posture as a “natural ally” and to encourage extreme positions and maximum abuse of the United States.

Although an increasing number of NAM members—moderates by our standards—are concerned by this imbalance and are actively seeking more genuinely nonaligned positions, they are disadvantaged by the practice of taking decisions by consensus.

The eighth nonaligned summit, held last month in Harare, illustrates this situation. Some attempts at name-calling were struck down in committee, and some notable successes were achieved (as, for example, on resolutions dealing with Cambodia and Afghanistan). However, the final political declaration is rife with anti-American references. The United States is assailed for its policies on disarmament, South Africa, the Middle East, and Central America. A section condemns U.S. “aggression” and “state terrorism” against Libya and demands compensation—this despite Colonel Qadhafi’s bizarre and much resented attack on the NAM. In the summit’s concluding declaration, the United States is mentioned by name 67 times, almost invariably in a negative context. The Soviet Union is not mentioned once.

Some say the rhetorical excesses of the NAM and other Third World groups are akin to letting off political steam and that the United States should not take these verbal criticisms at face value. Americans increasingly think otherwise. Their attitudes on U.S. programs for Third World countries, as reflected in the Congress, are a clear index of this changing mood.

The effect of NAM positions and rhetoric on the United Nations is particularly significant in this regard. The results of NAM meetings reappear in resolutions, votes, and speeches at the United Nations and its agencies.

Extreme positions, refusals to negotiate or compromise, and vitriolic verbal attacks on opponents all poison the UN’s processes and compromise its ability to carry out its important mission. It is for this reason that we have made an issue of “name-calling” and are mixing it up very actively in the struggle for ideas. We expect that our views and votes will often diverge on the basis of differing national interests. We do not ask NAM members to abandon their principles of nonalignment. On the contrary, we ask them simply to adhere to their own self-proclaimed goals in a genuine way.

U.S. Policy Opportunities and Challenges

I have outlined some broad principles that inform U.S. policy toward the Third World and its principal political grouping, the NAM. Now let me turn briefly to some of the trends which offer U.S. policy opportunities, as well as some which complicate our capacity to pursue them.

One favorable global trend is the unfolding of an extraordinary movement toward democracy around the world. In the Western Hemisphere, over the last 6 years, elected civilian leaders have replaced authoritarian regimes in Argentina, Bolivia, Brazil, Ecuador, El Salvador, Grenada, Guatemala, Honduras, Peru, and Uruguay. Today, 90% of the people in Latin America and the Caribbean enjoy democratic rule, compared to only one-third a decade ago. Nicaragua, Cuba, Paraguay, and Chile remain notable and disturbing exceptions to this trend. Elsewhere, the yearning for freedom in the Philippines brought a remarkably swift and peaceful transition to a democracy last February. Pakistan has replaced a martial law regime with a vigorous civilian government.

We have an opportunity to nurture and expand this drive toward democracy. Not many years ago, democratic nations were thought to be a dwindling minority. Today, the vitality of the democratic idea is one of the most important political realities of our time, and American power and influence are firmly committed to its support and advancement.

Similarly, our commitment to market forces as the key to economic development has found increasing resonance in the Third World. Nothing invigorates the global economic system today more than the powerful economic

recovery that has been underway in the United States for nearly 4 years. Success invites emulation. Many Third World countries are abandoning the economic dogmas of the immediate postcolonial period. There is a growing recognition of the connection between individual initiative and economic progress—a growing realization that the talents of individual human beings are the greatest resource a society can bring to the tasks of national development.

This is apparent in the dynamism of the new industrial economies in East Asia—economies that have achieved incredible growth over extended periods by keeping bureaucracies lean and encouraging the initiative of their private sectors.

It is equally apparent in Africa, where many nations are embarked on bold economic reform. At the UN Special Session on the Critical Economic Situation in Africa held last May, the African nations—including those hardest hit by collectivist planning—issued an extraordinary document calling for more open markets and less intervention by the state. This was a concerted position that African countries brought with them to the United Nations after deliberations in their regional body, the Organization of African Unity. Our ideas are taking hold. Thus, there are very important opportunities.

It is ironic that, at a time when global trends favor us and we have opportunities to pursue more constructive relations with Third World countries, pressures are mounting within our country to turn our backs on the world.

We are the largest free market on Earth. Our open trading policies confer tangible economic benefits on the American people; they have also provided vast opportunities for our trading partners. Yet America’s large trade deficit is now stimulating new calls in the Congress for protectionist legislation. Not since the days of Smoot-Hawley have protectionist forces been as powerful as they are today. If enacted, protectionist measures would endanger the new democracies, the poorer countries burdened by debt, and many key friends around the world. Here at home, we will feel the results in higher prices and diminished efficiency. In today’s interdependent global economy, our prosperity and that of other nations are mutually dependent as never before.

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A second development that will constrain U.S. policies toward the Third World at an important time of opportunity is the reduction of our foreign affairs budget by the Congress. Last January, the President submitted an international affairs budget for fiscal year 1987 that we had already stripped bare. It amounted to only 2% of the total Federal budget. Yet the current congressional budget resolution cuts that minimal request by about a quarter across the board and even more deeply in such crucial areas as support for international organizations and economic assistance. If enacted, these reductions, and the earmarking of aid levels to a few countries, will severely impair our ability to protect important U.S. interests in sub-Saharan Africa, Central and South America, the Caribbean, and East Asia. They would seriously cut our funding for the multilateral development banks, which are crucial to Third World economic recovery and growth. They would reduce our financial leverage for

real reform in the budget and administration of the United Nations. They would result in the closing of diplomatic posts and the reduction of our official personnel abroad—to a level lower than when George C. Marshall was Secretary of State.

Conclusion

Let me summarize. Both we and the countries of the Third World face hard choices as we look ahead. But our relations with key countries are sound. Regional associations are emerging. Soviet competitiveness is diminishing.

Our ideas enjoy a currency they have rarely enjoyed.

We in America face a fundamental choice: at a time when favorable global trends present new opportunities for U.S. policy in the Third World, we can continue to be engaged with its countries on behalf of our deepest values and commitments. Or we can choose to stand aside and allow events in those increasingly important parts of the world to play themselves out without effective U.S. involvement. That decision is ours to make, and educators and opinion-makers such as you have a decisive role to play. ■

U.S. Foreign Policy Achievements and Challenges

by Michael H. Armacost

Address before a State Department regional foreign policy conference in Salt Lake City on October 18, 1986.

This is a beautiful setting in which to join a foreign policy conference cosponsored by the University of Utah, Brigham Young University, and the State Department. Throughout our country we feel a renewed confidence that America is in a position to play a positive foreign policy role. This is a major change and one of my themes today.

Journalists normally keep score on an administration by adding up the formal agreements signed with foreign countries. This is at best an incomplete measure of success. The Carter Administration secured ratification of the Panama Canal Treaty, moderated the Camp David agreement, normalized relations with China, and negotiated the SALT II [strategic arms limitation talks] agreement on arms control. Yet Americans intuitively understood that these agreements did not add up to success in foreign policy. By 1980, there was a widespread perception both here and abroad that American power had been eroded, as had our will to utilize power to protect our interests overseas.

With congressional elections coming and with President Reagan and General Secretary Gorbachev having met in Iceland last week, this is an appropriate time to reflect on some of the achievements and challenges of American foreign policy. Let me briefly report some "good news" and some "bad news" by describing some of the trends in the international and domestic environment which currently affect our ability to promote foreign policy interests.

First, the good news. Many global trends and developments now favor us.

A Favorable "Correlation of Forces"

The most important development in recent years is this: a significant shift has occurred in what the Soviets call the "global correlation of forces."

You remember the 1970s. We experienced a constitutional crisis. We endured the ordeal of the American hostages in Iran. Long gas lines reminded us of America's growing dependence on others for basic resources. Economists introduced the term "stagflation" into our vocabularies. President Carter described the national mood as one of "malaise."

The bitter legacy of Vietnam was an American disposition to retreat temporarily from international leadership. Divisions appeared in our alliances. The cumulative effect of inadequate investment in U.S. military modernization began to show.

In contrast, the Soviets appeared to be on a roll. The momentum of Moscow's strategic modernization effort far exceeded ours. Through the direct or indirect application of their military power, they expanded their influence in Angola, Ethiopia, South Yemen, Mozambique, and Nicaragua. They invaded and attempted to occupy Afghanistan. They supported the Vietnamese invasion of Cambodia. During this period, many Third World countries embraced statist political and economic practices; the influence of democratic and free market principles appeared to wane.

Much has changed in the 1980s. We have substantially rebuilt our military power and revitalized our economy. There is a new pride in our country, a strong consensus that the United States should play an active role in the world. We have a President who enjoys the luxury of a second term and the continuity of policy which that affords. Our alliances are in solid shape. It is now the Soviets who are encountering growing difficulties at home and abroad and who apparently need some respite from the East-West competition in order to put their house in order.

Winning the Global Contest of Ideas

My second bit of good news is that we are doing very well in the global contest of ideas. This is particularly apparent in the currency of democracy and market economics in the Third World. A decade ago, martial law and other forms of authoritarianism were *de rigueur* in the

developing countries. We confronted a spirited drive by the nonaligned for a new international economic order which was blatantly statist in its approach.

Today, 90% of all Latin Americans live under governments which can plausibly claim to be democratic. Nor is this trend confined to this hemisphere. All Americans were thrilled by the swift and peaceful democratic revolution in the Philippines last February. Though problems remain, Pakistan made the transition from military to civilian government. Haiti was relieved of the oppression of the Duvaliers. The extraordinary movement toward democracy unfolding in diverse corners of the earth reminds us that dictatorship—whether of the left or of the right—is not permanent.

President Reagan has personally urged democracies to assert their values. A National Endowment for Democracy was created and has undertaken projects in support of democratic institutions in the Philippines, Northern Ireland, Chile, Haiti, and South Africa. Other projects have assisted elementary school education for anticommunist Afghans and supported Solidarity and other groups working to establish independent institutions in Poland.

So, not many years ago, democratic nations were thought to be a dwindling minority; democracy was thought to be a unique and distinctive attribute of Western industrial culture. Today, the vitality of the democratic idea is one of the most important political realities of our time, and America is firmly committed to its advancement.

The movement toward democracy has been matched by a growing commitment to market economics. The reasons are obvious. Economies dominated by the public sector simply did not produce. Those which limited governmental intervention and expanded the interplay of market forces have achieved remarkable results.

Today, there is no force in the world doing more to invigorate the global economic system than the powerful economic recovery which has now been underway in the United States for nearly 4 years. It is success that invites

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emulation. More and more countries are looking to the efficiency of free and open markets, the vigor of the private sector, and the opportunities available in the international trading and financial systems. From India, to Yugoslavia, to Brazil, we find movements to decentralize, deregulate, and denationalize. The dynamism of East Asia's economy is well known, as are China's experiments with market principles and the dramatic growth it has achieved.

Both these trends—toward democracy and the market system—owe much to America's example and American power. The single biggest extension of democratic liberties in recent memory occurred at the end of World War II when American power was at its zenith. It is no coincidence that respect for our values has grown in recent years as we have renewed the sources of our military, economic, and political power in the world.

Soviets on Wrong Side of Nationalism

There is a related trend of considerable importance. In those countries where the Soviets extended their influence in the late 1970s, they now find themselves at cross-purposes with the forces of nationalism. In Afghanistan, Cambodia, Angola, and Nicaragua, regimes of dubious legitimacy are supported by Soviet subsidies and Soviet or allied troops. Each confronts growing indigenous resistance. In a nationalist era, dependence on outsiders inevitably diminishes the appeal and authority of Soviet-supported regimes. The Russians are learning that it costs a great deal more to subsidize such regimes than it does to encourage and support nationalist forces fighting for a cause.

Our Agenda on Arms Control and Trade

There is a fourth development of great consequence. In the fields of arms control and trade—matters of overriding consequence to all Americans—the key negotiations now address *our* agenda.

High drama always attends meetings between the President of the United States and the General Secretary of the Soviet Union, and the meetings in Iceland last week were no exception. In over 10 hours of intensive discussion, we succeeded in getting the Soviets to address in a bold and imaginative man-

ner a number of our key strategic concerns. In Iceland, we proposed—and the Soviets accepted—a 5-year period of reductions in strategic forces in which all strategic nuclear arms would be reduced by 50%. In the next 5 years, we would continue by eliminating all remaining offensive ballistic missiles of all ranges. In INF, we reached agreement that all LRINF [longer range intermediate-range nuclear forces] missile warheads would be eliminated in Europe and all but 100 warheads eliminated from the Asian portion of the U.S.S.R.

Note the contrast from a few years ago. Then, professional arms controllers seemed content to propose limits on the rate at which U.S. and Soviet strategic offensive systems grew. We are now discussing radical reductions of strategic nuclear systems.

In 1983, the zero option for INF put forward by the Reagan Administration was dismissed by critics as unserious. Yet the proposal discussed in Reykjavik last weekend involved the elimination of all LRINF missiles from Europe and an 80% reduction of those deployed by the Soviet Union in Asia. Until recently, the arms control community seemed universally to accept the premise that deterrence required mutual threats of annihilation.

In the past, arms control verification arrangements were essentially synonymous with national technical means of inspection. Both in Stockholm and Reykjavik, more rigorous inspection methods—including onsite inspection—have reentered the vocabulary of negotiators.

In an attempt to take into account Soviet concerns, we agreed at Reykjavik to defer deployment of the Strategic Defense Initiative (SDI) for 10 years. The General Secretary wanted more, however. He wanted wording that, in effect, would have kept us from developing the SDI for the entire 10-year period. Gorbachev said that unless we acquiesced in his position on the SDI, all the progress made on eliminating nuclear weapons was canceled. But on the SDI President Reagan had to stand firm. The SDI has already demonstrated its utility as an inducement for serious arms control negotiations. It has stimulated hope for deterrence which relies upon non-nuclear defenses rather than mutual threats of annihilation.

Major substantive progress was achieved at Reykjavik. The proposals discussed there remain on the table. Our arms control negotiators at Geneva now have new possibilities with which to work toward possibly historic agreements. Secretary Shultz and Foreign Minister Shevardnadze will meet in Vienna. We remain patiently hopeful and will continue to pursue not only arms control but arms reductions, with persistence, vigor, and flexibility.

The trade negotiations held last month in Punta del Este received much less publicity than the meeting held in Iceland. But the results regarding international trade are also encouraging. That meeting opened the door to a new round of multilateral trade negotiations—one in which trade in services, protection of intellectual property, and agricultural trade are on the agenda for the first time. These are areas of particular concern to us in our determined effort to make trade free, open, and fair.

To that end, the United States has played a lead role in a series of high-level economic meetings among the industrialized countries aimed at strengthening the global economic system. These meetings have sought to promote sustained growth by relating basic currency and structural adjustments to major economic indicators, including exchange rates. These measures offer the hope of increasing exchange rate stability and, thereby, of bringing exchange rates and international trade surpluses and deficits more in line with underlying economic realities.

We have worked closely with Japan and other countries to rectify the structural imbalances that, among other things, contribute to America's huge trade deficits. Premier Nakasone, recently returned to office in an electoral landslide, has said Japan must transform its economy to rely more on domestic demand and imports, especially manufactured products. Elsewhere, we have established free trade areas with Israel and Canada.

In the general trade area, we have investigated, denounced, and, in some 301 cases, retaliated against unfair trading practices.

In short, in the crucial global arenas of arms control and international trade, America's ability to shape the agenda is strong, and we will do all we can to see that our issues are kept front and center in the bargaining to come.

Raised Public Consciousness on Terrorism and Drugs

Another favorable trend is that public consciousness—here and abroad—has been raised regarding two issues of tremendous importance to Americans: terrorism and drug trafficking.

Few terrorist incidents have occurred in the United States, but many Americans have been affected by such incidents abroad. We have put the world on notice that we will not countenance politically inspired terrorist actions against our citizens.

During the past few years, we have achieved remarkable progress in developing our own intelligence capabilities vis-a-vis international terrorists and in sharing that intelligence on a real-time basis with friendly nations. We have expanded international cooperation in the field of law enforcement and counterterrorist training. Last year, we and our friends foiled 126 planned terrorist attacks.

We are generating support for putting teeth into international antiterrorism conventions. For example, the International Civil Aviation Organization toughened its regulations dramatically after the hijacking of TWA 847. In response to the *Achille Lauro* hijacking, the International Maritime Organization began to develop similar regulations for seaborne transportation. Last November, the UN General Assembly adopted a strong resolution declaring terrorism a crime.

We have also developed our own counterterrorist military capabilities to react swiftly to terrorist situations. In both the *Achille Lauro* affair and last April's assault on Tripoli, we demonstrated our willingness and ability to use force *in extremis* in pursuit of terrorists and against states who support them. Against terrorism we are determined; against terrorism we will prevail.

We have seen a similar growth of international consciousness and cooperation on the drug question. Here at home, much needs to be done to reduce the demand for drugs. Abroad, we are already rapidly increasing cooperative efforts to restrict drug supplies. The drug problem is becoming a high priority. Other countries are visibly cooperating with us in drug eradication and enforcement programs. For example, in 1981, only one nation was eradicating narcotics crops; in 1986, 14

nations have signed agreements with the United States to undertake aerial or manual eradication efforts.

In 1986, Peru, Bolivia, Ecuador, Venezuela, and Colombia signed the Lara Bonilla Treaty—named after the Colombian Justice Minister slain by narcotics traffickers 2 years before. They thereby pledged regional cooperation in fighting narcotics production and trafficking. In keeping with this commitment, the Andean nations have undertaken major efforts to halt the production, processing, and shipment of narcotics. These include the recent successful "Blast Furnace" operation in Bolivia which used U.S. military assets.

That is the good news. Naturally, in this business, one does not expect everything to go right. There are plenty of challenges to go around. Let me single out a couple of specific issues for special mention. I do so because these are matters over which, hopefully, we can exert some control.

Resolving Regional Conflicts

In regions of conflict around the world, America is on the right side of history. In the Middle East, Central America, and South Africa, for example, we are playing a constructive role in helping the parties directly involved to bridge their differences and to work toward peaceful solutions.

In the Middle East, despite the continuation of the Arab-Israeli conflict, we continue to maintain close relations with both our Israeli and Arab friends. We have developed a broad institutionalized framework for economic, political, and military cooperation with Israel. We work closely with the Gulf Cooperation Council. The recent Egyptian-Israeli summit, as well as the meeting between [Israeli] Prime Minister Peres and King Hassan of Morocco, suggest that the psychological barrier in the Arab world against recognition of and dialogue with Israel seems to be crumbling.

Yet, as always, the Middle East poses especially difficult challenges. We must still find an effective way to bring Palestinians of good will who are willing to engage in serious and peaceful dialogue with the Israelis into the peace process. The Egyptian economic situation remains a high priority. The Iran-Iraq war, now in its sixth year, is a human catastrophe which threatens to destabilize the entire area.

While we recognize the role Syria plays in the region, its apparent continued support for terrorism as an instrument of foreign policy prohibits us from engaging more fully with it on the fundamental problems in the area. Libya, because of the policies Qadhafi has chosen to pursue, remains an outcast both in the region and in the wider community of civilized nations.

In Central America, we are working closely with moderate forces for peaceful progress. We have supported El Salvador through three democratic elections since the so-called final offensive of the communist insurgents in January 1981. We are extending assistance to help El Salvador recover from its recent tragic earthquake.

Through economic and security assistance, diplomatic support, and close consultation, the Administration is working with the Central American democracies to contain the Nicaraguan communist "revolution without borders." Like El Salvador, Nicaragua had a revolution in 1979. However, unlike El Salvador, the Sandinista regime has banished legitimate opposition, censored the press, and sought to intimidate its neighbors by using Cuban advisers and Soviet equipment to build up the largest military force in the region.

In South Africa, we seek the early elimination of apartheid and the extension of meaningful civil and economic rights to all. President Reagan put Americans' hopes for the future of South Africa this way:

This Administration is not only . . . against apartheid; we are for a new South Africa, a new nation where all that has been built up over generations is not destroyed, a new society where participation in the social, cultural, and political life is open to all peoples—a new South Africa that comes home to the family of free nations where it belongs.

The challenge for us in southern Africa is to be the champion of constructive change. Sanctions, in and of themselves, do not add up to a policy for South Africa. Our policy is to help the victims of apartheid—we spent \$20 million in fiscal year (FY) 1986 and will double that this year—and to foster dialogue between the South African Government and authoritative leaders of the black community. We will continue to work with all those of good will in southern Africa who want to eliminate apartheid, to diminish cross-border violence, and to deny this strategic area to Soviet influence.

GENERAL

Too often in discussions of foreign policy in this country, people seem unprepared to face up to the ambiguity of many external situations and the necessity of pursuing a complex two- or three-track strategy of our own. In dealing with the Soviets, for example, we must compete aggressively even as we explore for wider areas of cooperation.

In dealing with regional conflicts, we must be prepared to support our friends even as we keep the door open to negotiated solutions. In dealing with complex political and moral issues, we must remember that the test of policy is less the goodness of our intentions than the results of our actions. In a democracy we know that a successful policy requires not only a sensible concept and steady implementation but public understanding and support.

Difficulties with Congress

We face challenges at home as well. Speaking frankly, we have a huge problem with the Congress. Actually, we confront two adverse tendencies on the Hill.

On the one hand, Congress seems increasingly disposed to micromanage foreign policy. Rather than attempting to chart broad objectives in concert with the Administration, Congress seeks to enforce its will with respect to the details of policy execution. That is unhelpful—indeed, in the long term, it's self-defeating. No nation can manage its affairs with 535 Secretaries of State—even a country with the margins for error we possess.

At the same time, Congress is denying us the resources with which to conduct any coherent policy. The foreign affairs budget has been devastated. Our foreign assistance program for FY 1987 was cut by 27%. Since much of the

budget is earmarked by Congress for specific countries or programs, we have limited latitude to allocate cuts in an equitable fashion. One result is the prospect of 50%-60% cuts in FY 1987 for non-earmarked programs. No one can expect us to defend effectively our interests in the world while imposing such limits on our means.

Foreign policy is not like writing Christmas wish lists. It is a tough process of allocating means which are scarce against aims which are legion. Our interests abroad are not declining. The means of conducting policy are. Something will have to give. We either accept a more modest role in the world, or we flirt with failure to achieve our objectives. There is no free lunch in this business.

Our economy is the most prosperous in the world. This is another reason why cuts in America's foreign affairs budget are so difficult to explain to our foreign friends and allies. Access to our market is coveted by all. By furnishing such access to others—and securing, in return, fair entree to foreign markets—we enable our consumers to buy high quality, reasonably priced products, provide the spur of competition to our own industry, and contribute to the growth and prosperity of friendly nations around the world.

There is no doubt that our recent trade deficits are not sustainable. Nor do we intend to allow them to continue. Adjustment of the value of our currency, structural adjustments in the economies of key trading partners, aggressive enforcement of our reciprocal trading rights, and multilateral and bilateral trade negotiations represent the principal tools of our policy for surmounting them. On occasion, the threat of legislative remedies enhances our

bargaining position with others. But protectionist legislation in general does little service for us or others. We should resist that temptation.

Conclusion

This afternoon, I have spoken of good news and bad. I have described some global trends which favor us, as well as some of the achievements and challenges of American foreign policy. All countries confront significant challenges, but a society is more likely to best its challenges if it retains the conviction that its values are worth defending.

Certain truths, which we say are self-evident, give us a realistic yet hopeful view of the world. Our fundamental challenge is to preserve the balance of power through a willingness and strength to defend the cause of freedom. Without such stability, the sentiments of the Declaration of Independence have little chance of becoming a reality for men and women everywhere.

We are a democratic country, and our success and failure in meeting our foreign policy challenges rests with the American people. The interests and concern of this group, like that of many others throughout our country, give me every reason to say that, while our challenges are real, our future is also bright. ■

U.S. Initiative to Iran

PRESIDENT'S ADDRESS
TO THE NATION,
NOV. 13, 1986¹

I know you've been reading, seeing, and hearing a lot of stories the past several days attributed to Danish sailors, unnamed observers at Italian ports and Spanish harbors, and especially unnamed government officials of my Administration. Well, now you are going to hear the facts from a White House source, and you know my name.

I wanted this time to talk with you about an extremely sensitive and profoundly important matter of foreign policy. For 18 months now we have had underway a secret diplomatic initiative to Iran. That initiative was undertaken for the simplest and best of reasons—to renew a relationship with the nation of Iran, to bring an honorable end to the bloody 6-year war between Iran and Iraq, to eliminate state-sponsored terrorism and subversion, and to effect the safe return of all hostages.

Without Iran's cooperation, we cannot bring an end to the Persian Gulf war; without Iran's concurrence, there can be no enduring peace in the Middle East.

For 10 days now, the American and world press have been full of reports and rumors about this initiative and these objectives. Now, my fellow Americans, there is an old saying that nothing spreads so quickly as a rumor. So I thought it was time to speak with you directly—to tell you firsthand about our dealings with Iran. As Will Rogers once said, "Rumor travels faster, but it don't stay put as long as truth." So let's get to the facts.

The charge has been made that the United States has shipped weapons to Iran as ransom payment for the release of American hostages in Lebanon—that the United States undercut its allies and secretly violated American policy against trafficking with terrorists.

Those charges are utterly false. The United States has not made concessions to those who hold our people captive in Lebanon. And we will not. The United States has not swapped boatloads or planeloads of American weapons for the return of American hostages. And we will not.

Other reports have surfaced alleging U.S. involvement: reports of a sealift to Iran using Danish ships to carry American arms; of vessels in Spanish ports being employed in secret U.S. arms shipments; of Italian ports being used; of the United States sending spare parts and weapons for combat aircraft. All these reports are quite exciting, but as far as we are concerned, not one of them is true.

Sending a Signal to Tehran

During the course of our secret discussions, I authorized the transfer of small amounts of defensive weapons and spare parts for defensive systems to Iran. My purpose was to convince Tehran that our negotiators were acting with my authority, to send a signal that the United States was prepared to replace the animosity between us with a new relationship. These modest deliveries, taken together, could easily fit into a single cargo plane. They could not, taken together, affect the outcome of the 6-year war between Iran and Iraq—nor could they affect in any way the military balance between the two countries.

Those with whom we were in contact took considerable risks and needed a signal of our serious intent if they were to carry on and broaden the dialogue.

At the same time we undertook this initiative, we made clear that Iran must oppose all forms of international terrorism as a condition of progress in our relationship. The most significant step which Iran could take, we indicated, would be to use its influence in Lebanon to secure the release of all hostages held there.

Some progress has already been made. Since U.S. Government contact began with Iran, there's been no evidence of Iranian Government complicity in acts of terrorism against the United States. Hostages have come home, and we welcome the efforts that the Government of Iran has taken in the past and is currently undertaking.

Iran's Strategic Importance

But why, you might ask, is any relationship with Iran important to the United States? Iran encompasses some of the most critical geography in the world. It lies between the Soviet Union and access

to the warm waters of the Indian Ocean. Geography explains why the Soviet Union has sent an army into Afghanistan to dominate that country and, if they could, Iran and Pakistan.

Iran's geography gives it a critical position from which adversaries could interfere with oil flows from the Arab states that border the Persian Gulf. Apart from geography, Iran's oil deposits are important to the long-term health of the world economy. For these reasons, it is in our national interest to watch for changes within Iran that might offer hope for an improved relationship. Until last year, there was little to justify that hope.

Indeed, we have bitter and enduring disagreements that persist today. At the heart of our quarrel has been Iran's past sponsorship of international terrorism. Iranian policy has been devoted to expelling all Western influence from the Middle East. We cannot abide that because our interests in the Middle East are vital. At the same time, we seek no territory or special position in Iran. The Iranian revolution is a fact of history, but between American and Iranian basic national interests there need be no permanent conflict.

Since 1983, various countries have made overtures to stimulate direct contact between the United States and Iran. European, Near Eastern, and Far Eastern countries have attempted to serve as intermediaries. Despite a U.S. willingness to proceed, none of these overtures bore fruit. With this history in mind, we were receptive last year when we were alerted to the possibility of establishing a direct dialogue with Iranian officials.

Now, let me repeat. America's longstanding goals in the region have been to help preserve Iran's independence from Soviet domination; to bring an honorable end to the bloody Iran-Iraq war; to halt the export of subversion and terrorism in the region. A major impediment to those goals has been an absence of dialogue, a cutoff in communication between us.

The Search for a Better Relationship

It's because of Iran's strategic importance and its influence in the Islamic world that we chose to probe for a better relationship between our countries.

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Our discussions continued into the spring of this year. Based upon the progress we felt we had made, we sought to raise the diplomatic level of contacts. A meeting was arranged in Tehran. I then asked my former national security adviser, Robert McFarlane, to undertake a secret mission and gave him explicit instructions. I asked him to go to Iran to open a dialogue, making stark and clear our basic objectives and disagreements.

The 4 days of talks were conducted in a civil fashion; and American personnel were not mistreated. Since then, the dialogue has continued, and step-by-step progress continues to be made.

Let me repeat: our interests are clearly served by opening a dialogue with Iran and thereby helping to end the Iran-Iraq war. That war has dragged on for more than 6 years, with no prospect of a negotiated settlement. The slaughter on both sides has been enormous; and the adverse economic and political consequences for that vital region of the world have been growing. We sought to establish communication with both sides in that senseless struggle, so that we could assist in bringing about a cease-fire and, eventually, a settlement. We have sought to be even-handed by working with both sides and with other interested nations to prevent a widening of the war.

This sensitive undertaking has entailed a great risk for those involved. There is no question but that we could never have begun or continued this dialogue had the initiative been disclosed earlier. Due to the publicity of the past week, the entire initiative is very much at risk today.

There is ample precedent in our history for this kind of secret diplomacy. In 1971, then-President Nixon sent his national security adviser on a secret mission to China. In that case, as today, there was a basic requirement for discretion and for a sensitivity to the situation in the nation we were attempting to engage.

Since the welcome return of former hostage David Jacobsen, there have been unprecedented speculation and countless reports that have not only been wrong but have been potentially dangerous to the hostages and destructive of the opportunity before us. The efforts of courageous people like Terry Waite [lay assistant to the Archbishop of Canterbury] have been jeopardized. So extensive have been the false rumors and erroneous reports that the risks of remaining silent now exceed the risks of

speaking out. And that's why I decided to address you tonight.

It's been widely reported, for example, that the Congress, as well as top executive branch officials, were circumvented. Although the efforts we undertook were highly sensitive and involvement of government officials was limited to those with a strict need to know, all appropriate Cabinet officers were fully consulted. The actions I authorized were and continue to be in full compliance with Federal law. And the relevant committees of Congress are being and will be fully informed.

Another charge is that we have tilted toward Iran in the gulf war. This, too, is unfounded. We have consistently condemned the violence on both sides. We have consistently sought a negotiated settlement that preserves the territorial integrity of both nations. The overtures we've made to the Government of Iran have not been a shift to supporting one side over the other. Rather, it has been a diplomatic initiative to gain some degree of access and influence within Iran—as well as Iraq—and to bring about an honorable end to that bloody conflict. It is in the interests of all parties in the gulf region to end that war as soon as possible.

To summarize, our government has a firm policy not to capitulate to terrorist demands. That "no concessions" policy remains in force—in spite of the wildly speculative and false stories about arms for hostages and alleged ransom payments. We did not—repeat—did not trade weapons or anything else for hostages; nor will we. Those who think that we have "gone soft" on terrorism should take up the question with Col. Qadhafi.

We have not, nor will we, capitulate to terrorists. We will, however, get on with advancing the vital interests of our great nation—in spite of terrorists and radicals who seek to sabotage our efforts and immobilize the United States. Our goals have been and remain:

- To restore a relationship with Iran;
- To bring an honorable end to the war in the gulf;
- To bring a halt to state-supported terror in the Middle East; and
- Finally, to effect the safe return of all hostages from Lebanon.

As President, I've always operated on the belief that, given the facts, the American people will make the right decision. I believe that to be true now.

I cannot guarantee the outcome. But, as in the past, I ask for your support because I believe you share the hope for peace in the Middle East, for freedom for all hostages, and for a world free of terrorism. Certainly, there are risks in this pursuit, but there are greater risks if we do not persevere.

It will take patience and understanding; it will take continued resistance to those who commit terrorist acts; and it will take cooperation with all who seek to rid the world of this scourge.

SECRETARY'S INTERVIEW ON "FACE THE NATION," NOV. 16, 1986²

Q. Is it true, as has been widely reported, that this secret shipment of arms to Iran—the operation—went forward despite your objections to it? And if that's true, why did you object to it?

A. I never discuss the advice I give to the President. That's something between the President and me. But let me tell you how I see this.

First of all, as Congressman Wright—Speaker Wright—said, there was an opportunity to probe for a different relationship with Iran; and because of the strategic situation, that seemed important to us. And I might say, because of the strategic situation, it undoubtedly is important to Iran. So there's something mutual there.

In addition, the war, Iran's terrorist acts, its effort to ship its revolution abroad constituted a problem; and if something could be done about that, we'd be better off.

By and large, everybody agrees that that's a good thing to do. So the President decided on a probing operation to sort of feel his way, find out what might be done. In order to be effective, clearly that had to be done secretly—and I think people would agree on that.

In the course of that probe, which was conducted by his national security adviser—that's his designated hitter—as the President said in his address to the nation last week, he decided that a signal should be sent in terms of a small defensive arms shipment to show his serious intent and good faith. That's debatable. If you can—

Q. But that's the crux of it.

A. No. Wait a minute. You can argue for that—there are some good reasons why; you can argue against it. At any rate, when you get elected President, that's one of the things you get the

right to do, to make decisions of that kind. So the President decided on this signal, and he did it. And he—

Q. On whose advice, though?

A. And he set that out before the nation very clearly.

Now, the probe has gone on, and we all recognize that there are two principal obstacles to the kind of relationship we'd like to see with Iran. One is the continuing war with Iraq—and Iran is the country that seems intransigent, not wanting to get it settled. Furthermore, Iran has and continues to pursue a policy of terrorism, as shown for example in the fact that some terrorists were part of the pilgrimage to Mecca recently, last summer. So they continue in that policy, and we have to be concerned about terrorism, whether directed against us or directed against anybody else.

So those are two principal and mixed-together obstacles, and we need to, of course, respond to those. Among our responses is our denial of arms shipments to Iran, and that policy remains our policy. It is in effect, and there it is.

Q. You must explain that to the American people. You—

A. I've just explained it.

Q. No, that—no. Let's try to concentrate on the arms part of this. Everybody will—I'll stipulate with you that a lot of people think the probe was a good idea. It's the arms that everybody is concerned about.

First, before we even get into it, you just said that that continues to be our policy. You went, yourself, to the United Nations 6 weeks ago while this secret operation was underway, after the President had sent some arms directly and apparently sanctioned, condoned third-party shipments to Iran, and told the moderate Arab states at the United Nations that we weren't doing that. Now how could you have done that?

A. The President decided, as he said publicly to the nation—he didn't particularly want to disclose it at that time, but he felt he needed to.

Q. Because he got caught.

A. He decided—well, no, I don't think that's a fair way to put it.

He was conducting an ongoing probe, and he was seeing some responses to that, and so he wanted to keep it going. I think we all recognize that, for better or worse, all the publicity probably sets that back somewhat. At any rate, he decided to put forward a gesture—as a signal, I think was the

word he used—of his good intent something that they recognized was tough for him to do; and he did it, wanting to give a signal of a desire for a different kind of relationship.

Now, that's controversial, and there it is. And you can argue for it; you can argue against it.

Q. But why did you, then, go and tell the Arabs that we weren't doing that?

A. First of all, my own information about the operational aspects of what was going on was fragmentary at best—so that's one point. Second, our policy, insofar as arms shipments is concerned, remains; and there hasn't been any flood of U.S. arms to Iran, as seems to be implied as far as I understand.

Q. I still don't understand why you went and pledged and told the moderate Arab states that we were not sending shipments of arms to Iran when we were.

A. As far as I knew at that time, we didn't have any ongoing further signals. We had a signal, we had given a signal, and our discussion continued. It's a problem. But the President decided to send something small as a signal, and he did it.

Q. I don't want to, you know—I don't want to badger you, but you're not answering my question.

A. Oh, no. You can badger me.

Q. Okay, good. Why did you not tell the Arabs the truth? Why did you tell them an untruth?

A. The basic truth is that we continue to have a very firm arms embargo—

Q. How can you say that to the American people?

A. —and we continue to work at it.

Q. You're trying to say—you know, it's just like Daniloff. You try to tell us that a swap wasn't a swap. You're trying to tell us that we have a policy of not sending arms when we have sent arms directly, and we have permitted it through Israel. And I know that—I expect you're not going to confirm that, we all know that. Now how can you say we have a policy against sending shipments to Iran? How can you look at the American people and tell them that?

A. We have a policy of not sending arms. The President decided that he would go ahead and send this signal, and that's a decision that he made in the light of all the circumstances. And as I say, you can argue for it and you can argue against, but there it is.

Q. What did we get in return for the shipments of arms?

A. It remains to be seen what precisely takes place. There is a certain amount of evidence that our ability to talk to Iran in a sensible fashion has improved and a certain amount of evidence that their terrorist acts against Americans, at least, has improved—although I want to quickly say that we must look on the terrorism matter as an international matter, not just something limited to Americans.

Q. Did you ever consider resigning over this?

A. Oh, I talk to the President. I serve at his pleasure, and anything that I have to say on that subject, I'd just say to him.

Q. Who has taken the three new hostages? Mr. Poindexter, the national security adviser, went on a television show earlier this week and said that radical elements in Iran took the three new hostages. Is that your understanding?

A. I think it's hard to know exactly what is going on. We don't know where our hostages are, and we don't know exactly who holds them; but it does seem to be reasonably clear that groups in Lebanon associated with Iran are the ones who are dealing with the hostages. And I might say that Iran's use of terrorism, Iran's taking of hostages, to me is something that we have to fight against very hard and unequivocally.

Q. What can the United States do to restore its credibility, its greatly damaged credibility, over this with the Arabs who are scolding mad, as I know you know because you've been meeting with some of their representatives here, and U.S. allies whom we've been leaning on not to send shipments of arms to Iran? What are you going to do to try to repair this damage?

A. We have to set out our policy, let them know clearly that what we sent was a signal—a signal has been sent, and that's that—and continue to probe and probably have to put it in some different framework, with all of the publicity about it.

Q. If you tell our allies and other diplomats that our policy remains to embargo arms against Iran, aren't they just going to smile and laugh and say, "Come on. You're doing it. We're going to do it."?

A. Probably, they will. On the other hand, we have to be serious about it ourselves, and we have to reinforce it,

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and we have to point out to them the reason why we have that policy. And the reason why we have it applies to them as well.

They have a stake in a changed Iran; they have a stake in an end of the war; they have a stake in a change in terror; and so on. So I think the basic policies of probing Iran, but at the same time being tough about an arms embargo and being tough on terrorism and not trading arms for hostages—the President said that was not his intent and he did not do that—and I think it is clearly wrong to trade arms for hostages. So that is our policy; that remains our policy.

And I might say that all of the public discussions probably helped somewhat because it has kind of confirmed the fact that, cruel as it may seem to the families involved—and we all can feel that—still it isn't the right thing for governments to trade arms or anything else for hostages, just because it encourages taking more.

Q. Will there be any more arms shipments to Iran, either directly by our government or through any third parties?

A. It's certainly against our policy—

Q. That's not an answer.

A. —and I think the signal has been given.

Q. It was against our policy before, and we went ahead and did it. You seem to be saying there will be.

A. We gave a signal, and the signal has been given; and as far as I'm concerned, I don't see any need for further signals.

Q. Then, why don't you answer the question directly? I'll ask it again: Will there be any more arms shipments to Iran, either directly by the United States or through any third parties?

A. Under the circumstances of Iran's war with Iraq, its pursuit of terrorism, its association with those holding our hostages I would certainly say, as far as I'm concerned, no.

Q. Do you have the authority to speak for the entire Administration?

A. No.

PRESIDENT'S NEWS CONFERENCE (EXCERPT), NOV. 19, 1986³

Eighteen months ago, as I said last Thursday, this Administration began a secret initiative to the Islamic Republic of Iran. Our purposes were fourfold: to replace a relationship of total hostility with something better; to bring a negotiated end to the Iran-Iraq war; to bring an end to terrorism; and to effect the release of our hostages.

We knew this undertaking involved great risks, especially for our people and for the Iranian officials with whom we dealt. That is why the information was restricted to appropriate Cabinet officers and those officials with an absolute need to know. This undertaking was a matter of considerable debate within Administration circles. Our policy objectives were never in dispute. There were differences on how best to proceed.

The principal issue in contention was whether we should make isolated and limited exceptions to our arms embargo as a signal of our serious intent. Several top advisers opposed the sale of even a modest shipment of defensive weapons and spare parts to Iran. Others felt no progress could be made without the sale. I weighed their views. I considered the risks of failure and the rewards of success, and I decided to proceed. The responsibility for the decision and the operation is mine and mine alone.

As Mr. Lincoln said of another presidential decision, "If it turns out right, the criticism will not matter. If it turns out wrong, ten angels swearing I was right will make no difference."

I understand this decision is deeply controversial and that some profoundly disagree with what was done. Even some who support our secret initiative believe it was a mistake to send any weapons to Iran. I understand and I respect those views, but I deeply believe in the correctness of my decision. I was convinced then and I am convinced now that while the risks were great, so, too, was the potential reward. Bringing Iran back into the community of responsible nations, ending its participation in political terror, bringing an end to that terrible war, and bringing our hostages home—these are the causes that justify taking risks.

In foreign policy, the presence of risks alone cannot be reason enough not to act. There were risks when we liberated Grenada, when we went into Lebanon, when we aided the Philippines, and when we acted against Libya, so we'll continue our efforts. However, to

eliminate the widespread but mistaken perception that we have been exchanging arms for hostages, I have directed that no further sales of arms of any kind be sent to Iran. I have further directed that all information relating to our initiative be provided to the appropriate Members of Congress. There may be some questions which for reasons of national security or to protect the safety of the hostages I will be unable to answer publicly. But again, all information will be provided to the appropriate Members of Congress.

Q. In the recent past, there was an Administration whose by-word was, "Watch what we do, not what we say." How would you assess the credibility of your own Administration in the light of the prolonged deception of Congress and the public in terms of your secret dealing with Iran, the disinformation, the trading of Zakharov for Daniloff?

A. Let me take the last one first. Some persist in saying that we traded Zakharov for Daniloff. We did not. We said that we would have no dealings with the Soviet Union, even on going to Iceland, until Daniloff was in our hands.

But to bring it up to date on this, there was no deception intended by us. There was the knowledge that we were embarking on something that could be of great risk to the people we were talking to, great risk to our hostages. And, therefore, we had to have it limited to only the barest number of people that had to know. I was not breaking any law in doing that. It is provided for me to do that. At the same time, I have the right under the law to defer reporting to Congress, to the proper congressional committees, on an action and defer it until such time as I believe it can safely be done with no risk to others.

And that's why I have ordered in this coming week the proper committees will be briefed on this. There are still some parts of this that we cannot go public with because it will bring to risk and danger people that are held and people that we have been negotiating with. We were not negotiating government-to-government. We were negotiating with certain individuals within that country.

Q. You don't think your credibility has been damaged? And are you prepared now to disavow the finding which let you make end runs around the Iranian arms embargo? Are you going to tear it up?

A. No. As I say, we are going to observe that embargo and it's part of the same reason that, as I've said, we were doing this in the first place. And that is to see, among the other issues involved, if we can help bring about peace between those two countries—a peace without victory to either one or defeat and that will recognize the territorial integrity of both. And this is something that all of our allies are seeking also.

But I think the people understand that sometimes you have to keep a secret in order to save human lives and to succeed in the mission, just as we went into Grenada without prior notice, because then we would have put to risk all of those men who were going to hit the beach.

Q. Has Secretary Shultz discussed his resignation with you? Have you agreed to accept it or have you asked him to stay on?

A. He has never suggested to me in our meetings that—resignation and, in fact, he has made it plain that he will stay as long as I want him and I want him. So, there's never been any discussion there. He knows that I want him to stay and he has in advance said that he wants to. There's been no talk of resignation.

Q. Has he made his staying conditioned on your agreeing not to send further arms to Iran?

A. No. There has been no conditions. As I say, we didn't discuss that. And, as I've said now, there is no need to go further with this. The mission was served that made us waive temporarily that for that really minuscule amount of spare parts and defensive weapons.

Q. You have stated flatly and you stated flatly again tonight that you did not trade weapons for hostages. And yet the record shows that every time an American hostage was released—last September, this July, and again just this very month—there had been a major shipment of arms just before that. Are we all to believe that was just a coincidence?

A. The only thing I know about major shipments of arms—as I've said, everything that we sold them could be put in one cargo plane, and there would be plenty of room left over. Now, if there were major shipments—and we know this has been going on—there have been other countries that have been dealing in arms with Iran. There have been also private merchants of such things that have been doing the same thing. Now, I've seen the stories about a Danish tramp steamer and a Danish

sailor's union officials talking about their ships taking various supplies to Iran. I didn't know anything about that until I saw the press on it, because we certainly never had any contact with anything of the kind. It's just that we did something for a particular mission, that there was a risk entailed, and Iran held no hostages. Iran did not kidnap anyone, to our knowledge, and the fact that part of the operation was that we knew, however, that the kidnappers of our hostages did have some kind of relationship in which Iran could at times influence them—not always—but could influence them. And so three of our hostages came home.

Q. On that first point, your own Chief of Staff, Mr. Regan, has said that the United States condoned Israeli shipments of arms to Iran and aren't you, in effect, sending the very message you always said you didn't want to send? Aren't you saying to the terrorists, either you or your state sponsor—which in this case was Iran—can gain from the holding of hostages?

A. Because I don't see where the kidnappers or the hostage-holders gained anything. They didn't get anything. They let the hostages go. Now, whatever is the pressure that brought that about, I'm just grateful to it for the fact that we got them. As a matter of fact, if there had not been so much publicity, we would have had two more that we were expecting.

Q. When you had the arms embargo on, you were asking other nations, our allies particularly, to observe it—publicly. But at the same time privately, you concede you were authorizing a breaking of that embargo by the United States. How can you justify this duplicity?

A. I don't think it was duplicity, and as I say, the so-called violation did not in any way alter the balance, military balance, between the two countries. But what we were aiming for, I think, made it worthwhile, and this was a waiver of our own embargo. The embargo still stays now and for the future. But the causes that I outlined here in my opening statement, first of all, to try and establish a relationship with a country that is of great strategic importance to peace and everything else in the Middle East. At the same time also, to strike a blow against terrorism and to get our hostages back, as we did, and to—this particular thing was, we felt necessary in order to make the contacts that we made, and that could lead to better relations with us. And there was a fourth item, also, as I pointed out.

Q. The polls show that a lot of American people just simply don't believe you. But the one thing that you've had going for you more than anything else in your presidency, your credibility, has been severely damaged. Can you repair it? What does it mean for the rest of your presidency?

A. I imagine I'm the only one around who wants to repair it, and I didn't have anything to do with damaging it.

Q. You say that the equipment which was shipped didn't alter the military balance. Yet, several things—we understand that there were 1,000 TOW [tube-launched, optically tracked, wire-guided] antitank missiles shipped by the United States. The United States apparently condoned shipments by Israel and other nations of other quantities of arms as an ancillary part of this deal—not directly connected but had to condone it, or the shipments could not have gone forward. So, how can you say that it cannot alter the military balance, and how can you say that it didn't break the law when the National Security Act of 1977 plainly talks about timely notification of Congress and also stipulates that if the national security required secrecy, the President is still required to advise the leadership and the chairmen of the intelligence committees?

A. Everything you've said here is based on a supposition that is false. We did not condone and do not condone the shipment of arms from other countries. And what was the other point that you made here—

Q. There were the antitank missiles.

A. Oh no, about the—that it didn't—no, that it didn't violate the—or that did violate the law. No, as I've said, the President, believe it or not, does have the power if, in his belief, national security can be served to waive the provisions of that law, as well as to defer the notification of the Congress on this.

Q. Is it possible that the Iraqis might think that 1,000 antitank missiles were enough to alter the balance of that war?

A. This is a purely defensive weapon—it is a shoulder-carried weapon and we don't think that in this defensive thing—we didn't add to any offensive power on the part of Iran. We know that Iraq has already announced that they would be willing to settle the conflict, as

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we've said, with no winners or losers. And that, and the other parts, happened to be spare parts for an anti-aircraft Hawk battery. And, as I say, all of those weapons could be very easily carried in one mission.

Q. I don't think it's still clear just what Israel's role was in this—the questions that have been asked about a condoned shipment. We do understand that the Israelis sent a shipment in 1985, and there were also reports that it was the Israelis that contacted your Administration and suggested that you make contact with Iran. Could you explain what the Israeli role was here?

A. No, because we, as I say, have had nothing to do with other countries or their shipment of arms or doing what they're doing. And, no—as a matter of fact, the first ideas about the need to restore relations between Iran and the United States or the Western world, for that matter, actually began before our Administration was here. But from the very first, if you look down the road at what could happen and perhaps a change of government there—that it was absolutely vital for the Western world and to the hope for peace in the Middle East and all, for us to be trying to establish this relationship. And we worked to—it started about 18 months ago, really, as we began to find out—some individuals that it might be possible for us to deal with, and who also were looking at the probability of a further accident.

Q. The contacts that you're suggesting are with moderates in the Iranian Government and in the Iranian system. Barry Goldwater tonight said in his judgment there are no moderates in Iran. I don't mean to suggest that there may not be, but how did you know that you were reaching the moderates, and how do you define a moderate in that kind of a government?

A. Again, you're asking questions that I cannot get into with regard to the answers. But believe me, we had information that led us to believe that there are factions within Iran and many of them with an eye toward the fact that they think sooner, rather than later, there is going to be a change in the government there and there is great dissatisfaction among the people in Iran.

Q. Your chief arms negotiator, Max Kampelman, said that as a result of your meeting with Mr. Gorbachev in Iceland that there, indeed, were substantial results and agreements. But the Soviet—the leadership of the Soviet Union say that there were no

results—nothing positive—and the area is widely scattered still. How do you propose in your term—in the remainder of your term, to close the gap and bring—for an agreement?

A. The thing is about that situation, they are not widely scattered. All the agreements or the apparent places where we agreed at Reykjavik are on the table now with our arms negotiators in Geneva. And for the first time, there was an agreement reached on the desirability of eliminating all strategic nuclear missiles in a 5-year period and then dealing with the intermediate-range missiles in Germany. And just before the meeting broke up was the first time that—it had always been our purpose, and it was our purpose when we went there, to see if this—these are the destabilizing weapons, these are the weapons that people in their minds can picture someone pushes a button and a lot of places blow up. And we always thought that if we could make a start on those—the destabilizing missiles—and then we could work on to the other nuclear weapons—bombs carried by airplanes and so forth.

And we had gone there with the express purpose of seeing if we could arrive at some kind of a settlement on one of the other of these other two missile types. And it was just before the meeting broke up that for the first time they suggested that they were talking about all weapons—nuclear weapons—not just the others. There was no time for us to discuss them—this new force that was in there.

But I think Mr. Kampelman was saying right—that I just call to your attention that never in the history of the Soviet Union has a Soviet leader ever publicly proposed eliminating weapons they already have. And this Soviet leader has. He has talked actually of totally eliminating them.

And so the only thing I can say to this is, I know they are difficult to deal with, but all I can say is, they are still at the table in Geneva, and the proposals are still there, so I continue to be optimistic.

Q. Do you think you are going to see Mr. Gorbachev again during your term, or do you think he is thinking that he'll wait for the next President to negotiate an arms control agreement?

A. I have to believe there is reason for optimism because he, himself, suggested the Iceland meeting as a forerunner to the summit that was supposed to take place in the United States. And all I can do is recalling that when the Soviets

sometime ago got up and walked out of the Geneva arms meetings because we were installing medium-range—the Pershings and the cruise missiles in Europe, and they walked out and said, "That does it." Well, they came back.

Q. Do you have a date to meet them again?

A. No. That's what we're waiting for, is for them to give us a day.

Q. Going back over your answers tonight about the arms shipments and the numbers of them, are you telling us tonight that the only shipments with which we were involved were the one or two that followed your January 17 finding and that, whatever your aides have said on background or on the record, there are no other shipments with which the United States condoned?

A. That's right. I'm saying nothing but the missiles that we sold—and remember, there are too many people that are saying "gave." They bought them.

Q. We've been told by the Chief of Staff Donald Regan that we condoned, this government condoned, an Israeli shipment in September of 1985, shortly before the release of hostage Benjamin Weir. That was 4 months before your intelligence finding on January 17 that you say gave you the legal authority not to notify Congress. Can you clear that up why this government was not in violation of its arms embargo and of the notification to Congress for having condoned American-made weapons shipped to Iran in September of 1985?

A. No, that—I've never heard Mr. Regan say that and I'll ask him about that, because we believe in the embargo and, as I say, we waived it for a specific purpose, in fact, with four goals in mind.

Q. What is unclear to, I think, many people in the American public is why, if you are saying tonight that there will be no further arms shipments to Iran, why you won't cancel the January 17th intelligence finding so that you can put to rest any suggestion that you might again, without notification and in complete secrecy and perhaps with the objection of some of your Cabinet members, continue to ship weapons if you think that it is necessary?

A. No. I have no intention of doing that, but at the same time, we are hopeful that we're going to be able to continue our meetings with these people, these individuals.

Q. But you won't cancel the intelligence finding?

A. I don't know whether it's called for or whether I have to wait until we've reported to Congress and all. I don't know just what the technicality legally is on that.

Q. Why do you think, its strategic position notwithstanding, the American people would ever support weapons to the Ayatollah Khomeini?

A. We weren't giving them to the Ayatollah Khomeini. It's a strange situation. As I say, we were dealing with individuals and we believe that those—and some of those individuals are in government, in positions in government. But it was not a meeting officially of the U.S. head of state and the Iranian head of state. But these people, we believed, and their closeness to the Iran military was such that this was necessary to let them know, number one, that we were serious and sincere in our effort about good relations and also that they were dealing with the head of government over here—that this wasn't something coming out of some agency or bureau—that I was behind it.

Q. If that's the case, some have asked that if Libya occupied a strategic position as Iran did, would you then arm Qadhafi and bomb Khomeini?

A. I know that's a—believe me, that's about as hypothetical a question as anyone could imagine. The situations are quite different.

Q. You said that you were not swapping—or you did not think you were swapping arms for hostages. But did it ever occur to you or did it never occur to you that certainly the Iranians would see it that way and that they might take it as an inducement to take more hostages, especially in light of the fact that they've released three but taken three more?

A. No—to the best of our knowledge, Iran does not own or have authority over the Hezbollah. They cannot order them to do something. It is apparent that they evidently have either some persuasion and they don't always succeed, but they can sometimes persuade or pressure the Hezbollah into doing what they did in this instance. And, as I say, the Iranian Government had no hostages, and they bought a shipment from us and we, in turn—I might as well tell you—that we, in turn, had said when they wanted to kind of know our position and whether we were trustworthy and all of this, we told them that we were—we did not want to do

business with any nation that openly backed terrorism. And they gave us information that they did not and they said also that they had some evidence that there had been a lessening of this on the part of—Khomeini and the government and that they'd made some progress. As a matter of fact, some individuals associated with terrorist acts had been put in prison there. And so that was when we said, "Well, there's a very easy way for you to verify that if that's the way you feel, and they're being held hostage in Lebanon."

Q. If your arms shipments had no effect on the release of the hostages, then how do you explain the release of the hostages at the same time that the shipments were coming in?

A. No. I said that at the time I said to them that there was something they could do to show their sincerity and if they really meant it that they were not in favor of backing terrorists, they could begin by releasing our hostages. And, as a matter of fact, I believe and have reason to believe that we would have had all five of them by this last weekend had it not been for the attendant—confusion that arose here in the reporting room.

Q. On that point, you said earlier, and you said just now again, that but for the publicity, two other hostages would have been returned home by now. As you know, the publicity began in a Syrian-backed, pro-Syrian magazine in Lebanon. My question is, therefore, are you suggesting that someone who was a party to this sabotaged it by deliberately leaking that original report?

A. To our best information, the leak came from a person in government in Iran and not one of the people that we were dealing with, someone that would be more hostile to us. And that individual gave the story to the magazine, and the magazine then printed the story there in Beirut.

Q. There has been an obvious change in policy toward Iran—from refusing to deal with a terrorist state to even sending weapons as a gesture of good will. Would you consider, in the name of the same geopolitical interest that you invoked with Iran, changing your policy toward Nicaragua?

A. No, and I believe that I've answered that question, I think, more than once here—that no, we still hold to our position, and Iran officially is still on our list of nations that have been supporting terrorism. But I'm talking about

the people that we were doing business with, and they gave us indication and evidence that that policy was changing. And so, as I said, to give them more prestige and muscle there, where they were, we made this sale.

Q. Then would you consider breaking diplomatic relations with Nicaragua to increase the pressure on the Sandinista government?

A. No, we have not thought of that, and we still believe very much in supporting the Contras, because we believe in the Contras' cause. The Contras have made it plain that they—all they seek is to be able to put enough pressure on the Sandinista government for that government to negotiate with them and the people of Nicaragua for the kind of government that they altogether had promised when they were fighting the revolution against the Somoza dictatorship. And it was the Sandinistas who, as communist groups usually do, simply when the revolution was over—they did everything they could to get rid of their fellow revolutionaries, and they seized power and created a totalitarian communist state.

Now, the Sandinistas—or the Contras have never proposed overthrowing the government. They have repeatedly offered and said, we simply want to be able to negotiate and have a chance to have the government installed that we had promised the Organization of American States we were fighting for. So, I think we continue to help them, but we believe that there is a value in maintaining relations. It gives us a listening post in Nicaragua.

Q. There is a mood in Washington tonight of a President who is very much beleaguered, very much on the defensive. Why don't you seize the offensive by giving your Secretary of State a vote of confidence declaring that all future covert activities will have his support and by shaking up the National Security Council in such a way as to satisfy the concerns in Congress that he has been running a paramilitary operation out of the basement of the White House in defiance of the State Department and the Congress?

A. The State Department and the Secretary of State were involved, and the Director of the CIA was involved in what we were doing, and, as I said before, there are certain laws in which, for certain actions, I would not have been able to keep them a secret as they were. But these people you've mentioned have been involved—did know what was

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going on. And I don't see that the action that you've suggested has called for it, but what you've disappointed me the most in is suggesting that I sound defensive up here. I've just been trying to answer all your questions as well as I can, and I don't feel that I have anything to defend about at all. With the circumstances the way they were, the decision I made I still believe was the correct decision, and I believe that we achieved some portion of our goals.

Q. Do you believe that any of the additional hostages will be released?

A. I have to believe that.

Q. During any of these discussions with your Administration, was there ever any hint or suggestion that these weapons might be used to topple the Ayatollah?

A. No, and I don't see in any way how that could be with the particular things that we were using. I don't see where the Ayatollah could be a logical target for an anti-aircraft missile or even for TOW missiles, for that matter.

Q. You made an exception for the arms embargo when you thought it was in the U.S. interest to do so. Why shouldn't other nations ship weapons to Iran when they think it's in their interests?

A. I would like to see the indication as to how it could be in their interest. I know that there are other nations that feel as we do that the Western world should be trying to find an avenue to get Iran back where it once was, and that is in the family of democratic nations and the family of nations that want peace in the Middle East and so forth.

Q. How does shipping weapons to Iran help bring them back into the community of nations? You've acknowledged that you were dealing with only a small portion of the government.

A. I was talking of strengthening a particular group who needed the prestige that that could give them who needed that bargaining power, themselves, within their own ranks.

Q. I believe you may have been slightly in error in describing a TOW as a shoulder-mounted weapon. It's a ground-to-ground weapon—Red-Eye is the shoulder weapon, but that's beside the point. TOWs are used to destroy tanks. I don't think its fired from your shoulder.

A. If I have been misinformed, then I will yield on that, but it was my understanding that that is a man-carried weapon, and we have a number of other shoulder-borne weapons.

Q. I did have a question, though.

A. You mean that wasn't a question?

Q. No, I thought I knew what a TOW was. I just wanted to ask you, what would be wrong at this stage of the game, since everything seems to have gone wrong that could possibly go wrong, like the Murphy Law, the Reagan Law, the O'Leary Law, this week—what would be wrong in saying that a mistake was made on a very high-risk gamble and that—so that you can get on with the next 2 years?

A. Because I don't think a mistake was made. It was a high-risk gamble, and it was a gamble that, as I've said, I believe the circumstances warranted. And I don't see that it has been a fiasco or a great failure of any kind. We still have those contacts, we still have made some ground, we got our hostages back—three of them. And so I think that what we did was right, and we're going to continue on this path.

....

PRESIDENT'S STATEMENT

There may be some misunderstanding of one of my answers tonight. There was a third country involved in our secret project with Iran. But taking this into account, all of the shipments of the token amounts of defensive arms and parts that I have authorized or condoned taken in total could be placed aboard a single cargo aircraft. This includes all shipments by the United States or any third country. Any other shipments by third countries were not authorized by the U.S. Government.

**DEPUTY SECRETARY
WHITEHEAD'S STATEMENT,
HOUSE FOREIGN AFFAIRS
COMMITTEE,
NOV. 24, 1986¹**

I have been asked to discuss with you our policy toward Iran in light of the recent events. I look forward to sharing with you our assessment of our policy toward the region, our goals in the Iran-Iraq war, the reactions of our friends to the revelations in the media, and our future objectives.

It is important to point out that the extreme sensitivity of the undertaking prompted implementation be held to the smallest group possible. Consequently, the State Department had no operational role. We in the Department still do not have a detailed record of what happened, and I am, therefore, not able to address specific questions of what may have occurred.

As you are aware, our government has had contact with the Iranian Government over the last 18 months. The goals of such contact have been:

- The resumption of a stable relationship with Iran;
- An honorable end to the Iran-Iraq war and greater stability in the gulf region;
- The countering of Soviet attempts to influence developments in Iran and the gulf;
- The elimination of Iranian state-sponsored terrorism and subversion; and
- The safe return of all of our—and others'—hostages.

We have also had several other avenues of communication with Iranian officials. These include the Iran-U.S. Claims Tribunal at The Hague; Federal Reserve and Treasury officials and Iranian bankers; communications through third parties; and occasional exchanges in international fora.

About 18 months ago, the President authorized a more directed dialogue with Iranian officials. It was not an easy decision to begin and pursue such a dialogue. Serious obstacles remain:

- Iran's determination to use its war with Iraq as a means of overthrowing the Iraqi Government and establishing a radical fundamentalist government in its place;
- Iran's continuing support for terrorism;
- Iran's continued financial, logistical, and material support for radical Shi'as living in the gulf, Lebanon, and elsewhere; and
- Iran's association with hostage-takings in Lebanon, including the recent abduction of three American hostages there.

The Iranians understand our position. There is no need for further signals of the seriousness of our intentions through arms transfers. The President publicly stated on November 17 that we will not be shipping any further arms to Iran. Our arms embargo is in effect. Operation Staunch remains in effect.

Iran-Iraq War and Arms Transfers

Our policy on the Iran-Iraq war remains unchanged. We continue to be deeply concerned about the terrible loss and disruption which this war has brought to the people of both Iran and Iraq, and we remain concerned at the possibility that miscalculation or misunderstanding might lead to a widening of the war. Since the beginning of the conflict in

September 1980, we have worked for the earliest possible end to the war—one which preserves both the independence and territorial integrity of both states. To that end, the United States has followed several paths. These include:

- A policy to deny Munitions List items to both Iran and Iraq;
- Pursuit of Operation Staunch—our attempt to discourage arms supply from others to Iran—this had been relatively effective until word of our Iran shipments became public. We believe we played an important role in reducing the global volume of arms sent to Iran. We will now have to redouble our efforts to restore the credibility of this policy, which remains the best means to bring the Iranians to accept a mediated or negotiated settlement; and
- Support for diplomatic efforts to encourage Iran to join Iraq in working toward a peaceful end to the war. These efforts include active U.S. encouragement of the UN Secretary General, the Islamic Conference, the Nonaligned Movement, and various other efforts—by Sweden, Japan, and Algeria among others—to draw Iran into talks.

Terrorism

Secretary Shultz has recently reaffirmed the fundamental premises of our counterterrorism policy:

- Opposition to all acts of terrorism, not just those against Americans;
- Refusal of terrorist demands;
- Willingness to use all available means to defend ourselves against terrorists; and
- Seeking the cooperation of our friends and allies in combatting terrorism and isolating those nations which sponsor or shelter terrorists.

In particular, we believe that those nations which sponsor or support terrorism must remain outside the family of civilized nations until they cease their support of terrorists. We seek the cooperation of all civilized nations in our efforts. We strongly believe that our firm policy is the best guarantee of protecting American citizens and interests worldwide.

Let me say a special word about our remaining hostages in Lebanon. We will continue to seek the safe release of all American hostages. We will talk to anyone, any group, or any government about them and their safe return. In doing so, however, we will not undermine the basic tenets of our policy.

Iraq

Our bilateral relations with Iraq have improved markedly over the past few years, as Iraq has increasingly modified its traditional hardline regional policies and has established closer diplomatic working relationships with moderate Arab states with which we have long-standing ties. Iraq has made clear its rejection of terrorism as an instrument of state policy by expelling the notorious Abu Nidal. Unlike Iran, Iraq seeks an early negotiated end to the war. We want to keep relations with Iraq on an even keel, even though the news of the limited arms shipments to Iran have been very unwelcome in Baghdad. After the war ends, we will continue to have a stake and equity in Iraq's pursuit of its modified regional policies. Trade, commerce, and investment of Iraq's ambitious postwar development plans will be of great interest to us. Iraq's distancing itself from support for international terrorism has been substantial—the trend is clearly in the direction we encourage.

The Gulf States

The nonbelligerent gulf Arab states, while they understand our reasons for establishing contacts with Iran, strongly disapproved of the transfer of arms. Our ties with these states are close, and we want to do whatever we can to assure that there will be no lasting damage to our mutually beneficial security relationships. Nothing has changed to affect our policy of support for the security and territorial integrity of these good friends. The Gulf Cooperation Council (GCC) states continue to believe that their security and stability are in American interests and understand our determination to protect those interests.

Conclusion

To conclude, let me say that the United States recognizes the importance of Iran in the region and the Islamic world. The emergence of leaders willing to change Iran's unacceptable international behavior and seek a normal relationship with the international community cannot be ignored by the United States. The President has made clear the importance the United States attaches to a stable relationship with Iran and the benefits which can accrue to the region and to the West should such a situation evolve. We will persevere in efforts to pursue a dialogue to reach the goals I have noted.

But we will do so only in the context of our strong and firm commitment to the security of the gulf states, our desire to see an end to the war, our relationship with Iraq, and our promise to combat terrorism.

PRESIDENT'S STATEMENT, NOV. 25, 1986⁵

Last Friday, after becoming concerned whether my national security apparatus had provided me with a complete factual record with respect to the implementation of my policy toward Iran, I directed the Attorney General to undertake a review of this matter over the weekend and report to me on Monday. And yesterday, Attorney General Meese provided me and the White House Chief of Staff with a report on his preliminary findings. And this report led me to conclude that I was not fully informed on the nature of one of the activities undertaken in connection with this initiative. This action raises serious questions of propriety.

I've just met with my national security advisers and congressional leaders to inform them of the actions that I'm taking today. Determination of the full details of this action will require further review and investigation by the Department of Justice.

Looking to the future, I will appoint a special review board to conduct a comprehensive review of the role and procedures of the National Security Council staff in the conduct of foreign and national security policy.

I anticipate receiving the reports from the Attorney General and the special review board at the earliest possible date. Upon the completion of these reports, I will share their findings and conclusions with the Congress and the American people.

Although not directly involved, Vice Admiral John Poindexter has asked to be relieved of his assignment as Assistant to the President for National Security Affairs and to return to another assignment in the Navy. Lt. Col. Oliver North has been relieved of his duties on the National Security Council staff.

I am deeply troubled that the implementation of a policy aimed at resolving a truly tragic situation in the Middle East has resulted in such controversy. As I've stated previously, I believe our policy goals toward Iran were well-founded. However, the information brought to my attention yesterday convinced me that in one aspect, implementation of that policy was seriously flawed.

President Convenes Conference on Narcotics



White House photo by Bill Fitz-Patrick

The President invited a representative group of U.S. Ambassadors from countries where drug production, trafficking, and consumption are major problems, or might develop into major problems, to meet at the White House with him and Secretary Shultz November 12-13, 1986.

Its threefold purpose was to provide the President with the opportunity to demonstrate U.S. commitment to the issue of narcotics control and to update the ambassadors on recent domestic drug-control initiatives; to encourage ambassadors to discuss ways to enhance the international narcotics control program by exploring options for regional cooperation; and to send to foreign governments a strong message that narcotics is a critical international problem which must be addressed.

Those ambassadors attending were: Carol Boyd Hallett (Bahamas), Edward M. Rowell (Bolivia), Harry W. Shlaudeman (Brazil), Melvyn Levitsky (Bulgaria), Daniel O'Donohue (Burma), Charles A. Gillespie, Jr. (Colombia), Fernando E. Rondon (Ecuador), Richard R. Burt (West Germany), Maxwell M. Rabb (Italy), Michael Sotirhos (Jamaica), Charles J. Pilliod, Jr. (Mexico), Princeton Lyman (Nigeria), Deane R. Hinton (Pakistan), Arthur H. Davis (Panama), Alexander F. Watson (Peru), William A. Brown (Thailand), Otto J. Reich (Venezuela), Herbert S. Okun (Deputy Permanent Representative to the United Nations), and Bruce Chapman (Representative to the Vienna Office of the United Nations), and Charge d'Affaires Maurice Ealum (Afghanistan) and Charge d'Affaires Harriet Isom (Laos). ■

While I cannot reverse what has happened, I'm initiating steps, including those I've announced today, to assure that the implementation of all future foreign and national security policy initiatives will proceed only in accordance with my authorization.

Over the past 6 years, we've realized many foreign policy goals. I believe we can yet achieve, and I intend to pursue, the objectives on which we all agree—a safer, more secure and stable world.

ATTORNEY GENERAL MEESE'S NEWS BRIEFING (EXCERPT), NOV. 25, 1986⁶

On Friday afternoon—or Friday at noon—the President asked me to look into and bring together the facts concerning the, particularly the implementation of the strategic initiative in Iran and more precisely, anything pertaining to the transfer of arms. Over the weekend, this inquiry was conducted. Yesterday evening I reported to the President. We continued our inquiry, and this morning the President directed that we make this information immediately available to the Congress and to the public through this medium this noon.

Let me say that all of the information is not yet in. We are still continuing our inquiry. But he did want me to make available immediately what we know at the present time.

What is involved is that in the course of the arms transfers, which involved the United States providing the arms to Israel and Israel in turn transferring the arms—in effect, selling the arms to representatives of Iran. Certain monies which were received in the transaction between representatives of Israel and representatives of Iran were taken and made available to the forces in Central America which are opposing the Sandinista government there.

In essence, the way in which the transactions occurred was that a certain amount of money was negotiated by representatives outside of the United States with Iran for arms. This amount of money was then transferred to representatives, as best we know, that can be described as representatives of Israel. They, in turn, transferred to the CIA, which was the agent for the U.S. Government under a finding prepared by the President—signed by the President in January of 1986. And, incidentally, all of these transactions that I am referring to took place between January of 1986 and the present time. They transferred to the CIA the exact amount of the money that was owed to the U.S. Government for the weapons that were involved plus any costs of transportation that might be involved. This money was then repaid by the CIA to the Department of Defense under the normal procedures, and all governmental funds and all governmental property was accounted for and statements of that have been verified by us up to the present time.

The money—the difference between the money owed to the U.S. Government and the money received from representatives of Iran was then deposited in bank accounts which were under the control of representatives of the forces in Central America.

Q. How much money? How much involved?

A. We don't know the exact amount, yet. Our estimate is that it is somewhere between \$10 and \$30 million.

Q. How did it come to your attention?

A. In the course of a thorough review of a number of intercepts, and other materials, this—the hint of a possibility that there were some monies being made available for some other pur-

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pose came to our attention, and then we pursued that with the individuals involved.

Q. Why wasn't the President told?

A. The President was told as soon as we found out about it.

Q. And he knew nothing about it?

A. The President knew nothing about it until I reported it to him. I alerted him yesterday morning that we still had some more work to do, and then I gave him the details that we had yesterday afternoon.

Q. Is this what you were looking for when you began? Or is this just something that turned up in the course of your weekend investigation?

A. This turned up in the course of the investigation. The first thing that triggered, if you will, an inquiry was the fact that as people prepared their testimony—because this had been done in a rather compartmentalized way—as people prepared their testimony for the Hill on Friday, there appeared to be more facts out there than we had already put together. And it was a matter, then, of the President requesting me to talk with everyone who had any participation at all, because one agency was doing one thing, another agency was doing another thing—there was very little paperwork—and to determine precisely what all of the facts were because he wanted to be sure that he had all of the information about anything that may have occurred in the course of this whole situation. That was—it was during the course of that inquiry that this information was found and then was followed out to the conclusions that I mentioned.

Q. Can you tell us who is running national security policy? Can you clear up for the American people, is Secretary Shultz staying? Who is the new national security adviser? And what are you recommending in terms of possibly restructuring the White House staff?

A. In answer to your questions in order, at the present time, upon Admiral Poindexter actually leaving his post, Al Keel, his deputy, will be the Acting Assistant to the President for National Security Affairs. The President has not yet selected a replacement, but he will do so as soon as possible.

Secretary Shultz is remaining in his position—is Secretary of State. That has not been a matter of conjecture or discussion or inquiry.

We will make whatever recommendations for further proceedings come out of it, but more particularly, the President will be appointing a small commission which will look into the procedures and role of the NSC staff and will make specific recommendations to him as far as the process for the future.

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¹Text from Weekly Compilation of Presidential Documents of Nov. 17, 1986.

²Press release 251.

³Text from Weekly Compilation of Presidential Documents of Nov. 24.

⁴The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

⁵Text from Weekly Compilation of Presidential Documents of Dec. 1. The text of the Secretary's remarks made on the evening of Nov. 25 concerning Iran are printed on p. 23.

⁶For full text of Attorney General's news briefing, see White House press release. ■

International Prospects for Civil Nuclear Power in the Post-Chernobyl Era

by John D. Negroponte

Address before the Rotary Club of Detroit on November 5, 1986. Ambassador Negroponte is Assistant Secretary for Oceans and International Environmental and Scientific Affairs.

As head of the bureau in the State Department responsible for peaceful nuclear energy affairs, I have been very much involved with a number of international issues arising from the serious accident that destroyed the Soviet reactor at Chernobyl earlier this year. I would like to discuss some of these issues with you.

The Chernobyl accident has obviously raised anxieties and renewed questions about commercial nuclear power, not just in the Soviet Union but everywhere. At the time of the Three Mile Island accident—whose consequences, it should be noted, were far less severe than those resulting from Chernobyl—one frequently heard it said that "a nuclear accident anywhere is a nuclear accident everywhere." This expression was beginning to seem a little trite, perhaps, when Chernobyl came along to underscore its essential truth. Happily, we in the United States and Canada were spared from all but the most inconsequential effects of the radioactive debris from the shattered Chernobyl core. The situation was somewhat different in Western and Central Europe, however. There, the long-term effects on public health will need to be scrutinized very closely.

There is, thus, no denying that the Chernobyl accident was a serious one. It has provoked fresh doubts in the minds

of many about the wisdom of continuing to rely routinely on nuclear reactors to generate electrical power. In a few cases, these doubts have already been translated into political action opposing continued reliance on commercial nuclear power.

The point I would like to make today is that questions concerning commercial nuclear power, legitimate though they may be, do not in themselves invalidate civil nuclear power as an energy resource, as some critics seem to suppose. Any large technological enterprise will raise major questions of public policy. What is important is not the questions themselves but the answers to those questions.

Economic and Environmental Factors

In my view, civil nuclear energy is a necessary energy resource and will become increasingly important as the world's finite supply of fossil fuels continues to be depleted. Civil nuclear energy is a key element in any program of energy resource management that is prudently diversified. Overdependence on a single energy source such as imported oil is unwise and unacceptable for our nation's energy policy. Just recall the severe effects on our national well-being as we dealt with the OPEC [Organization of Petroleum Exporting Countries]-induced oil shocks of 1973 and 1979. The repercussions linger in our economy to this day. We would be foolish to court a repetition of those events by an arbitrary refusal to allocate a place for civil nuclear energy in our overall energy program. Nor can we

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assume that an alternative such as fusion energy will replace the current generation of nuclear reactors in the decades ahead. Fusion is unlikely to play a significant role until well into the next century at the earliest.

These points are less easily grasped in our country, perhaps, with its relatively wide range of energy options. But they are valid points, and their importance is fully appreciated by some of our major allies, such as Japan and France, that lack abundant alternative sources of energy. These countries are, of course, highly industrialized, and for them, reliance on civil nuclear energy has become indispensable. In 1985, for example, France derived 65% of its electricity from nuclear power generation.

Is civil nuclear power cost-effective? The answer is yes—resoundingly so in many industrialized countries, qualifiedly so in our own. The difference lies in the availability of alternative energy resources and the way different countries have planned and managed their civil nuclear programs. In particular, those countries that have opted for standardized reactor designs—thus simplifying the licensing process and sharply reducing the costs of bringing new reactors into service—seem to be making out best.

In considering the economics of civil nuclear power, it is also important to keep in mind the long-term picture. To be sure, prices of crude oil are relatively low today. But complacency can be a dangerous thing. It would be rash, indeed, to predict that we will enjoy indefinitely the luxury of today's relatively low prices.

What about the effect of nuclear power reactors on the environment? It is quite clear that nuclear power plants, in their normal operation, are environmentally more benign than some other types of plants. I do not need to remind you, here on our border with Canada, how important an issue acid rain has become in relations between our two countries. I might note in passing that this is another issue with which I have been very much preoccupied, inasmuch as my bureau in the State Department is also responsible for environmental issues. I mention the problem here, however, only to make one simple point: unlike some other types of generating plants, nuclear power plants do not contribute to the problem of acid rain.

There is also another, longer term environmental problem associated with the burning of fossil fuels. This is the so-called greenhouse effect, a gradual warming of the Earth's atmosphere with possibly serious long-term implications

for weather patterns and ocean levels. Although we have much to learn about the "greenhouse effect," at this point we are confident that nuclear power plants do not contribute in any appreciable way to this problem.

Safety Concerns

I come now to the question of nuclear safety. This, it seems to me, is the key question for determining what the prospects for civil nuclear power are likely to be in the post-Chernobyl era. Countries intending to rely on civil nuclear power must address resolutely some very real concerns relating to nuclear safety and to nuclear safeguards as well—an important distinction to which I will return later on.

The first thing to be said is that, despite well-publicized accidents like Three Mile Island and Chernobyl, the safety record of nuclear power compares favorably with that of other types of powerplants. But as the accident at Chernobyl has demonstrated so graphically, a serious accident at a nuclear power plant, however statistically rare it may be, is different in scope and dimension from an accident at any other type of electrical generating plant. It is not enough, therefore, merely to state that nuclear plants compare well statistically with other types of plants with respect to frequency of accidents and to let the argument stand at that. A serious accident at a nuclear power plant has the potential for being far more damaging than an accident at any other type of generating plant, and so our efforts must be more rigorous and comprehensive to ensure against its happening at all.

It is also important to bear in mind that not all reactors are equally safe. We are, of course, seeking to learn all that we can about how the accident at Chernobyl occurred and to apply the lessons to our own experience, where appropriate. The Soviet operators at Chernobyl clearly made major errors on the night of the accident, and to err is human; any feeling of smugness on our part would be inappropriate and probably self-defeating. But the fact remains that the Chernobyl reactor, with its inadequate containment and its propensity to surge in power as coolant was lost (positive void coefficient), could not have been licensed to operate in the United States, Canada, or probably any other Western country. Our standards are stricter, our commitment to safety and environmental protection more pronounced. We see it as incumbent on the

Soviets to implement changes to ensure that basic design problems contributing to the Chernobyl disaster will be corrected in the numerous similar reactors throughout the Soviet Union. We can only regret that an accident at one reactor has called into question the safety of all reactors, however dissimilar.

Let me make a related point. As some of you may know, the Soviets are currently building two nuclear power reactors at Cienfuegos in Cuba. I would like to stress that these reactors are not of the Chernobyl type. In addition, I would like to assure you that we have made it clear to the Soviets and Cubans that these Cuban reactors, particularly in view of their proximity to our shores, must be designed and built to exacting safety standards and that they must be operated in a safe manner at all times. We will be paying close attention to make sure these standards are adhered to.

U.S. and International Responses to Chernobyl

The months since Chernobyl have been a time for critical reflection on nuclear power safety, both within the United States and within the international community. Let me review very briefly some of our activities on the international plane in response to Chernobyl. From the very outset, the United States took a leading role in prodding the Soviet Union to fulfill its international responsibilities by following up its initially quite meager and delayed account of the accident with a full and complete disclosure of the facts. I am pleased to say that the Soviets themselves soon recognized the wisdom of this course, and their subsequent report to a specially convened meeting of international experts at the International Atomic Energy Agency (IAEA) in Vienna, August 25-29, was notably open and forthcoming. I should add that we have deliberately resisted any temptation to make political capital from the Soviets' misfortune and, in fact, have offered our assistance on a number of fronts.

The United States was also instrumental in mobilizing efforts under International Atomic Energy Agency auspices to put in place procedures for dealing with possible similar accidents in the future. Even before Chernobyl, there was a broad consensus, at least among the countries of the industrialized West, that each individual country engaged in nuclear power generation must be fully responsible for ensuring safety in the design, manufacture, operation, and

maintenance of its nuclear installations; that avoiding potential transboundary exchanges resulting from nuclear activities involves a responsibility to other nations; and that prompt and adequate information on nuclear emergencies and accidents must be provided where there is a potential for transboundary consequences of radiological safety significance. In the immediate aftermath of Chernobyl, the need became clear for a binding international agreement that would embody these principles. It was also clear that the International Atomic Energy Agency would be the most appropriate forum within which to organize international efforts toward this goal.

In early May, therefore, while events at Chernobyl were still unfolding, the United States and its allies called for a special meeting of the agency's Board of Governors, which in turn commissioned a group of government experts to draft two international conventions: one providing for the early notification of nuclear accidents with transboundary effects and the dissemination of comprehensive information concerning them; the other providing a framework for coordinating international assistance, including emergency response measures, in the event of such accidents. These two conventions on notification and on assistance were drafted, submitted to a special session of the agency's General Conference, adopted, opened for signature, and signed by over 50 states by the end of September—a near-record pace by the usual standards for activities in international bodies.

All this is very well, you may say, but it seems to relate only to what happens after an accident has taken place. What is being done to reduce the chances of an accident occurring in the first place? As it happens, a great deal, though even more can and should be done. The International Atomic Energy Agency and the Nuclear Energy Agency of the Organization for Economic Cooperation and Development in Paris have longstanding programs aimed at establishing safe nuclear design, engineering, and operating standards on a universal basis. The U.S. nuclear industry is pursuing similar work through its Institute for Nuclear Power Operations in Atlanta—an effort that has drawn the active participation of a number of foreign reactor operators. The U.S. Nuclear Regulatory Commission has a well-established program of cooperation with other countries in the exchange of information relating to nuclear safety. Bilateral agreements on

nuclear safety cooperation exist with 37 nations.

The United States has also launched an initiative aimed at creating a nuclear safety training academy, organized as a nonprofit foundation and based on joint industry and government participation. Its goal is to provide assistance to cooperating countries by introducing their nuclear energy decisionmakers to U.S. safety programs and approaches and by providing information, training, guidance, and advice on nuclear safety matters. An initial pilot program at Stanford University in the summer of 1985 was very well received.

All these are important components in efforts to ensure that today's generation of nuclear power reactors will be operated with the utmost dedication to safety. An even greater challenge—but one that I think we can meet—will be the design of a new generation of reactors relying on physical principles, rather than on safety devices, to ensure that they come to an automatic safe shutdown in the event of a serious malfunction. The United States and other nations are already at work on a number of reactor concepts along these lines.

Another challenge we must address is the permanent disposal of radioactive wastes. I have argued that nuclear power production has a relatively benign impact on the environment compared to other generating methods, and historically, this is true. But it will remain true for the future only if adequate means are implemented to ensure that radioactive wastes can be securely stored indefinitely in a way that neither harms the environment nor poses a health and safety hazard to the public. The technical issues have already been addressed satisfactorily. The Department of Energy is proceeding with a program for implementing the Nuclear Waste Policy Act of 1982. But questions of public and political acceptance must still be resolved if technologies already demonstrated are to be successfully deployed.

Promoting International Safeguards

Let me return now to a distinction I made earlier between safety and safeguards in the international context. The latter term—safeguards—has become a term of art as used with respect to civil nuclear energy. It refers neither to the safe operation of nuclear installations nor to the physical protection—safekeeping, if you will—of nuclear materials. It refers, rather, to a system of inspections and other measures whose objective—if I may quote more or less

verbatim the formal IAEA language—is the timely detection of diversion of significant quantities of nuclear material from peaceful nuclear activities for the manufacture of nuclear weapons or nuclear devices and the deterrence of any such diversion by the risk of early detection.

Just as the general public has a right to insist that civil nuclear energy is safely employed both at home and abroad, so, too, does it have a right to insist that its use be confined exclusively to peaceful purposes. The complex of international legal commitments, assurances, and other arrangements developed to ensure that civil nuclear energy is used only for peaceful purposes is often referred to as the nuclear nonproliferation regime. International nuclear safeguards, including onsite inspections administered by the International Atomic Energy Agency, are one of the main components of this regime. The Non-Proliferation Treaty, with more than 135 member states, is another indispensable component.

The Reagan Administration, like all U.S. administrations since the dawn of the nuclear era, regards the prevention of the spread of nuclear explosives to additional countries as a fundamental national security and foreign policy objective. We are pursuing this goal in a number of ways.

- We are striving to reduce the motivation that other states may have for acquiring nuclear explosives by working to improve regional and global stability and, where appropriate, by helping states to provide for their legitimate security needs by non-nuclear means.

- We continue to promote wider adherence to the Non-Proliferation Treaty and the Treaty for the Prohibition of Nuclear Weapons in Latin America, known as the Treaty of Tlatelolco.

- We are constantly looking for ways to work more effectively with other countries on measures to combat the risks of proliferation.

- We strictly control the export of sensitive nuclear material, equipment, and technology from the United States, particularly where the danger of proliferation requires it, and we coordinate closely with other nuclear suppliers within a framework of common export norms.

- We strongly support the International Atomic Energy Agency and continue to work with other countries to strengthen it, particularly in its role of

applying international safeguards. Indeed, we regard the agency's safeguards as such a critical element in the international nonproliferation regime that we have urged all nuclear suppliers to agree on a policy of requiring safeguards on all nuclear activities of a recipient non-nuclear weapon state as a condition for significant new nuclear export commitments to such states—a condition known as “comprehensive” or “full-scope” safeguards. The United States, I might note, already requires full-scope safeguards as a condition for significant nuclear exports to its non-nuclear weapon state trading partners, including reactors and reactor fuel.

- Finally, we are making a serious effort to restore the reputation of the United States as a reliable nuclear trading partner, for only if we maintain our credibility with other nations in the nuclear area can we expect them to listen when we attempt to influence their nuclear programs in directions we regard as desirable.

Conclusion

Civil nuclear power today is an increasingly widely used source of energy. Properly managed from an environmental and nonproliferation point of view, it will continue to play a critical role in meeting man's energy needs until well into the next century and possibly beyond. It is clean, efficient, and relatively inexpensive. It makes an essential contribution to the industrialized world's energy mix, especially in countries that have few alternative domestic energy resources. It is a key component for assuring our energy security, and even in the wake of Chernobyl, there is no valid reason to abandon it. I am convinced that we can and should continue to rely on nuclear energy as one of our major options for electrical generation.

If civil nuclear programs are really to prosper, of course, they must have the support of the general public. They must, therefore, be safe, even safer than they are now. And they must be safeguarded so that there is minimal risk of their serving as a subterfuge for nuclear explosives development. Responsible governments have made great strides in both these areas, and we plan to continue with our efforts. ■

U.S. Relationship With Pacific Islands

**PRESIDENT'S STATEMENT,
NOV. 3, 1986¹**

Today I am pleased to announce the beginning of new relationships between the United States and the island groups that have emerged from the Pacific Islands Trust Territory. One of these, the Northern Mariana Islands, is now a U.S. Commonwealth, and its people are now U.S. citizens. The other two—the Republic of the Marshall Islands and the Federated States of Micronesia—are sovereign, self-governing nations in free association with the United States.

The fourth and remaining island group, Palau, has not yet finally approved its compact of free association. Until Palau's future political status is resolved, the United States will continue to discharge its responsibilities there as administering authority under the trusteeship agreement.

The United States liberated these islands during our westward drive across the Pacific toward the end of World War II and has administered them as a UN strategic trusteeship since 1947. In these last four decades, we have worked with the islanders to improve health, education, and social service facilities throughout the more than 2,000 islands comprising the trust territory. Our most valuable contribution to the islands, a legacy in which we can take pride, are the democratic, representative govern-

ments created and now enjoyed by the peoples of the trust territory.

The United States is happy to commence these new relationships with the Northern Mariana Islands, the Marshall Islands, and the Federated States of Micronesia. We deeply appreciate those who have worked so long and hard, in the negotiations and in the Congress, to fashion and enact the commonwealth covenant and the compacts of free association. We especially want to welcome the people of the Northern Mariana Islands into the American family as fellow citizens. We are honored by the choices of the peoples and leaders of the two new freely associated states to associate with us in close and long-lasting relationships, which reflect the good will and affection between our peoples. For these peoples, the long years of trusteeship are over and the dignity and opportunity for self-government are here. We in the United States pledge our friendship and support as the Northern Mariana Islands, the Marshall Islands, and the Federated States of Micronesia now walk the paths they themselves have chosen.

¹Text from Weekly Compilation of Presidential Documents of Nov. 10, 1986, which also carries the text of Executive Order 5564 of Nov. 3 entitled “Placing Into Full Force and Effect the Covenant With the Commonwealth of the Northern Mariana Islands and the Compacts of Free Association With the Federated States of Micronesia and the Republic of the Marshall Islands.” ■

U.S. Takes Measures Against Syria

**WHITE HOUSE STATEMENT,
NOV. 14, 1986¹**

The President today decided to take specific steps in response to Syria's continued support for international terrorism. The conviction of Nizar Hindawi in a British court directly implicated the Syrian Government in the attempted bombing of the El Al airplane. More than 230 Americans and almost 200 passengers of other nationalities were on board the flight and would have died had the terrorist operation been successful.

Syria has been on the Department's list of state sponsors of terrorism since the list's inception in 1979. As such, controls aimed at restricting the export of goods and technology that would make a significant contribution to the military potential or would enhance the terrorist support capabilities of Syria are in effect. Other measures, such as a cutoff of foreign assistance to Syria, have also been imposed.

We believe further steps must be taken to discourage such Syrian behavior and to express our outrage, and that of the American people, at Syrian sponsorship of this attack and its long pattern of support for terrorism. We have been in consultation with our allies on this matter, including members of the European Economic Community who announced their own measures on November 10. We welcome these decisions. These measures and our own actions will send a clear and unequivocal message to Syria: Its support of terrorism is unacceptable to the international community of nations. As a result, the President is ordering the following actions.

- The Secretary of Commerce, in consultation with the Secretary of State, will expand current controls on exports of any items controlled for national security purposes including related technical data, along with all aircraft, helicopters, and related parts and components.

- The Secretary of State will terminate the availability of Export-Import Bank programs for Syria.

- The Secretary of State will advise Syria of our decision to terminate the air transport agreement between the United States of America and Syria.

- The Secretary of Transportation will prohibit the sale of tickets in the United States for transportation by air on Syrian Arab Airlines.

In addition to these actions, we have informed U.S. oil companies that we consider their continued involvement in Syrian oil operations inappropriate under these circumstances.

More vigorous procedures will be applied to Syrian visa applications. We also have revised an advisory statement on American travel in Syria to alert citizens to the potential for terrorist activity originating there.

Finally, we are reducing the staff of our Embassy in Damascus, and no high-level visits between the United States and Syria will take place.

These measures are intended to convince the Syrian Government that state support of terrorism will not be tolerated by the civilized world. We will continue to closely monitor the situation and take additional steps as necessary. As long as Syria does not stop terrorism launched from its own territory, or areas of Lebanon under its effective control, the security of all states in the region is jeopardized. Syrian-supported terrorism has introduced an unpredictable element of instability in the region and risks the danger of open violence there. Syria can play an important role in a key region of the world but it cannot expect to be accepted as a responsible power or treated as one as long as it continues to use terrorism as an instrument of its foreign policy.

¹Text from Weekly Compilation of Presidential Documents of Nov. 17, 1986. ■

U.S. Supports Council of Europe Resolution on Terrorism

**DEPARTMENT STATEMENT,
NOV. 24, 1986¹**

The Department of State, after review of the recent Council of Europe resolution on preventing the abuse by terrorists of diplomatic and consular immunities, today announces its support and intent to adhere to the principles contained in this resolution.

Its principal provisions concern a closer scrutiny of diplomats who are suspected of having connections to terrorism, exchanging such information among the states subscribing to the

resolution, considering refusing to accept diplomats about whom another member state has concrete information of their involvement in terrorism, and considering restricting the size of diplomatic or consular posts when there is evidence of involvement in terrorism by that state.

We are pleased to support these important measures to prevent the abuse of diplomatic and consular immunities by those supporting terrorism.

The Council of Europe passed this resolution at its ministerial meeting in Strasbourg on November 4 and 5. It was confirmed by the Committee of Foreign Ministers November 20. We believe the council is doing excellent work in establishing a legal framework to combat terrorism, and the United States is seeking to work closely with the council.

¹Read to news correspondents by Department spokesman Charles Redman. ■

American Hostage Released in Beirut

**PRESIDENT'S STATEMENT,
NOV. 2, 1986¹**

I am pleased to announce that one of the Americans held hostage in Beirut has been released. David Jacobsen was released early this morning by his captors in Beirut. His family has been notified and will be joining him soon. I do want to express my personal appreciation to the various parties and intermediaries who have been helpful in arranging this release. We have been working through a number of sensitive channels for a long time. Unfortunately, we cannot divulge any of the details of the release, because the lives of other Americans and other Western hostages are still at risk.

Again I call on the captors of all hostages in Lebanon to release their innocent victims. No political goals are or will be achieved by resorting to extortion and terrorism. We hold the captors of the remaining American hostages in Lebanon responsible for the safety of those Americans. My thoughts and prayers go out to the families of those American hostages as we continue to work for their safe return.

¹Text from Weekly Compilation of Presidential Documents of Nov. 10, 1986. ■

Situation in Cambodia

Statement by Ambassador Vernon A. Walters, U.S. Permanent Representative to the United Nations, in a UN General Assembly plenary session on October 20, 1986, and the text of the General Assembly adopted October 21.

AMBASSADOR WALTERS' STATEMENT, OCT. 20, 1986'

We meet today to discuss a question of searing humanitarian importance—the continued existence of the Cambodian people.

The Cambodians have a proud and glorious heritage which traces its lineage over hundreds of years, from the 8th century when the first Cambodian king established himself on the shores of the Great Lake, the Tonle Sap. From this beginning grew the Angkor Kingdom, one of Southeast Asia's mightiest empires. The Cambodians searched out the secrets of water management and irrigation and built the huge reservoirs which allowed bountiful agricultural production. The Cambodians of the Angkor period developed into the master builders of the time and left the world that unsurpassed masterpiece, Angkor Wat. He who gazes at Angkor Wat and Angkor Thom cannot but be awed by the Cambodians' accomplishment and what they bequeathed to all mankind.

The glories of Angkor, however, are far in the past, and the Cambodian people now find themselves in far different circumstances. Instead of the proud warriors who kept their enemies at bay for centuries, the Cambodians are now prostrate. Their country is occupied by foreign forces, and their very future existence as a people in question. It is right and proper that we in the United Nations should address ourselves to this question, for the fate of Cambodia and the Cambodian people is one of concern to the entire world community. It is one of the principal functions of the United Nations to defend just such a small nation and helpless people.

The origins of the Cambodian tragedy are well known. In April 1975, the black-clad Khmer Rouge stormed Phnom Penh and opened a chapter in world history which will live forever in infamy. Applying extreme ideas of agrarian revolution, the Khmer Rouge emptied the cities and treated the inhabitants as little better than draft animals. Hundreds of thousands of inno-

cent Cambodians died from exhaustion, disease, and malnutrition. Others were brutally executed by the increasingly paranoid Khmer Rouge leaders.

In December 1978, Vietnam invaded Cambodia and drove the Khmer Rouge from power. The Vietnamese claim that they acted to liberate the country from Pol Pot, but the truth is far different. Before the Khmer Rouge seized power, Vietnam gave them massive support. Many Khmer Rouge leaders were trained in Vietnam; but once Pol Pot was in power, Vietnam quickly learned that it could not control him. It was at this time that the Vietnamese used the growing world condemnation of the Khmer Rouge as a pretext to invade.

After nearly 8 years, Vietnam's intentions for Cambodia have become increasingly plain—Vietnam seeks nothing less than creation of a vassal and colonized state. The Heng Samrin regime which it installed in Phnom Penh could not survive without the 140,000 Vietnamese occupation troops. All senior Heng Samrin officials have Vietnamese "advisors" who insure that Vietnam's dictates are followed to the letter. Even those officials must resent the hours of political "education" designed to produce conformity to Vietnam's outlook. No policy can be promulgated in Phnom Penh without Vietnamese approval, and woe to the Cambodian official who dares to display any hint of independence of nationalism. The fate of Pen Sovan serves as a vivid reminder of what happens to those who step out of line. Vietnamese control reaches down to the district and village levels, where Vietnamese "advisors" have often unilaterally established their own governmental structures.

The Vietnamese presence, however, is not limited to the government. It permeates all aspects of the society. The schools have been turned into instruments of Vietnamese propaganda, seeking to justify the Vietnamese occupation. Knowledge of the Vietnamese language is a prerequisite to advancement. Students have regularly been sent to study in Vietnam. The local press is also directed by the ever-present Vietnamese "advisors." The shattered Cambodian economy continues to be drained by the Vietnamese. Cambodia's hard-pressed farmers still have to help supply the Vietnamese occupation forces.

The most insidious of Vietnam's plans to subjugate Cambodia is the settlement of hundreds of thousands of Vietnamese nationals on Cambodian territory. His Royal Highness Prince Sihanouk has repeatedly raised the alarm about the Vietnamese colonization of his country. Estimates of the number of Vietnamese settlers now run as high as 700,000, or over 10% of the population. And more arrive all the time. Former Prime Minister H.E. Son Sann recently said in Washington that Cambodians were being forced out of the cities to the villages to make way for new Vietnamese arrivals. Even in the villages, Vietnamese authorities were apparently requisitioning the best houses and the choicest farm lands for their compatriots. That the master builders who once raised the magnificent Angkor Wat from the swamps of the Great Lake should be reduced to being outcasts in their own land is a source of outrage and deep concern to us all.

As has occurred in many other oppressed lands, the Vietnamese occupation has fanned popular revolt inside Cambodia. Armed resistance to the Vietnamese is spreading. Vietnamese and Heng Samrin installations throughout the country are now targets of resistance attacks. Key lines of communications are often interdicted and even the suburbs of Phnom Penh have witnessed resistance incursions. Heng Samrin conscripts are defecting to the resistance ranks in increasing numbers. Several hundred Vietnamese soldiers have also thrown down their arms and fled to the Thai border to escape involvement in this unjust war.

HRH Prince Sihanouk detailed for us in his September 30 general debate speech the growing strength of the resistance, reaching ever deeper within Cambodia. Stung by the increasing effectiveness of the Cambodian resistance forces, the Vietnamese have tried unsuccessfully to crush them militarily. In the winter of 1984-85, Vietnamese divisions brutally attacked refugee camps on the Thai border, killing scores of innocent civilians and uprooting tens of thousands more. The resistance, however, remained unaffected and, indeed, is stronger than ever before. Recently, the Vietnamese have tried another tack by constructing barriers along the Thai-Cambodian border. In a move reminiscent of the Khmer Rouge, the Vietnamese have conscripted thousands of civilians to clear land, plant antipersonnel mines, and construct barriers. An untold number of these conscripts have died because of disease, exhaustion, and

mines. Despite this effort, the resistance continues to grow and is now more than ever firmly established inside Cambodia.

The growing opposition to Vietnamese imperialist ambitions in Cambodia has other dimensions. The 240,000 Cambodians who remain on the Thai border bear witness to their continued defiance. Living in spartan conditions and under the constant threat of attack, the border Cambodians courageously epitomize the love of country and freedom which has characterized the Cambodian people down through the centuries. Our hearts go out to them, and we pray that they will soon be able to return to a free and independent Cambodia. We also deeply appreciate the work of Mr. Kunugi, the Secretary General's Special Representative for Cambodian Relief, and a dedicated staff of the UN Border Relief Operation (UNBRO), the World Food Program, the International Committee of the Red Cross (ICRC), and the voluntary agencies which have turned the border relief operation into a humanitarian success story of the highest order. The Royal Thai Government should also be commended for its unswerving commitment to the support and protection of the border Cambodians.

The world community also remains united in its opposition to Vietnam's actions. For years, an overwhelming number of UN members have called for the unconditional withdrawal of Vietnamese troops from Cambodia. This year marks the eighth time we have met under the auspices of the United Nations to debate Cambodia and to issue the simple plea that the Cambodians be allowed to decide their own destiny. What has been Vietnam's response to world opprobrium? The record is clear. The Vietnamese have rejected all calls for peace and have continued undeterred in the imperialist and colonialist policies. Furthermore, an October 15 letter signed by the Acting Permanent Representative of Vietnam and circulated as a General Assembly document declares that Vietnam will consider null and void any resolution emerging from our debate here.

The Vietnamese, nevertheless, have tried to sway public opinion by an intensive propaganda campaign. The most recent example took place at an August meeting in Hanoi, where the Foreign Ministers of Vietnam, Laos, and the puppet Heng Samrin regime issued a communique which once again claimed that great strides were being made inside Cambodia, that the changes in Cambodia

were irreversible, and that the Vietnamese occupation troops would be withdrawn by 1990. But how can we talk about "great strides" when Cambodia suffers poverty, hunger, and disease; when young people are conscripted against their will to die for a foreign invader; when innocent civilians are press-ganged into building defensive fortifications in malaria-infested forests with little food or medical care? Let there be no doubt about it: Cambodia today is an abjectly poor, battered country on the brink of disaster. Without peace and self-determination, the very existence of Cambodia and of the Khmer as an independent people is threatened.

Moreover, the Vietnamese claim to withdraw its forces from Cambodia by 1990 is clearly based on the hope that their puppet, Heng Samrin, would be able by then to manage largely on his own. The recent performance of Heng Samrin's soldiers suggests that Vietnamese hopes are as illusory as their protestations of peaceful intent. The Vietnamese troop withdrawals to date are nothing more than a public relations fraud aimed at deceiving world opinion. There has been no general withdrawal of Vietnamese troops from Cambodia. What we have seen is the regular rotation of some units, nothing more. There are still an estimated 140,000 Vietnamese troops inside Cambodia, roughly the same number as at the onset of the occupation, despite claimed withdrawals.

Above all, there is one basic fallacy to the Vietnamese arguments: Vietnam has no right to lay down any conditions for a settlement. The Vietnamese are the invaders, and they must leave Cambodia. It is as simple as that. Moreover, there is no need for new formulations for a Cambodian solution. They are already clearly laid out in the principles of the 1981 International Conference on Kampuchea as follows:

- A cease-fire and withdrawal of all foreign forces in the shortest time possible under the supervision and verification of a UN peacekeeping force;
- Arrangements to ensure that armed factions will not be able to prevent or disrupt the holding of free elections and will respect the results of the free elections;
- Appropriate measures to maintain law and order until the establishment of a new government; and
- The holding of free elections under UN supervision.

In contrast to Vietnam's intransigence, other parties involved in the Cambodian issue continue to demon-

strate a sincere effort to reach a peaceful solution. The members of the Association of South East Asian Nations (ASEAN) in particular should be commended for their efforts on behalf of peace. Since 1981 the members of ASEAN have advanced a series of different ideas to address Vietnamese concerns. Unfortunately, Vietnam has ignored all efforts at conciliation.

Other proposals have also been advanced to the Vietnamese containing elements which, if accepted by all the parties involved, could advance the search for peace. Again and again, Vietnam has rejected these out of hand.

Vietnam's Minister of State, Vo Dong Giang, recently told the General Assembly that a Cambodian solution must be based on guaranteeing the withdrawal of Vietnamese forces, on the elimination of the genocidal Pol Pot clique, and on guaranteeing a process of national reconciliation. Vietnam clearly wants peace only on its own terms; but since proposals with many reasonable elements have been made to the Vietnamese by its neighbors, it remains for the Vietnamese to initiate the process. Genuine willingness to negotiate a settlement in Cambodia would be a welcome development, above all, for the Cambodian people. The Vietnamese occupation of Cambodia, more than any other factor, stands in the path of Vietnam's participation as a constructive member of the peaceful community of nations. Surely the Vietnamese would benefit enormously from a peaceful settlement of the Cambodian conflict. If they are serious, let them begin serious troop withdrawals and seek serious solutions to this grave problem. Until then, the world must judge them by their actions.

Let us remember also that Vietnam is not the only country which shares responsibility for the Cambodian plight. Vietnam could not continue with its subjugation of this land if it were not for the massive military support received from its Soviet backers. Most of the bombs and bullets the Vietnamese use against the Cambodians are from the Soviet Union. If the Soviet Union were to cut off this military support, Vietnam would be hard-pressed to maintain its occupation, and peace might be possible. We call on Moscow to place sufficient pressure on the Vietnamese to agree to a comprehensive settlement.

The Cambodian tragedy must be brought to an end. The Cambodian people have suffered long enough. Now is the time to end violence and the human suffering. Now is the time for us to join hands and contribute jointly to the

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rebirth of a truly free and independent Cambodia. With our help, there can be a resurgence of the Angkor spirit which illuminated Southeast Asia in the past. To make this possible, however, we must first bring peace to this ravaged land; and to do that, Vietnam must heed the appeals of the world community to withdraw its troops and negotiate. There is no other choice.

GENERAL ASSEMBLY RESOLUTION 41/6, OCT. 21, 1986²

The General Assembly,

Recalling its resolutions 34/22 of 14 November 1979, 35/6 of 22 October 1980, 36/5 of 21 October 1981, 37/6 of 28 October 1982, 38/3 of 27 October 1983, 39/5 of 30 October 1984 and 40/7 of 5 November 1985,

Recalling further the Declaration on Kampuchea and resolution 1(I) adopted by the International Conference on Kampuchea, which offer the negotiating framework for a comprehensive political settlement of the Kampuchean problem,

Taking note of the report of the Secretary-General on the implementation of General Assembly resolution 40/7,

Deploing that foreign armed intervention and occupation continue and that foreign forces have not been withdrawn from Kampuchea, thus causing continuing hostilities in that country and seriously threatening international peace and security,

Noting the continued and effective struggle waged against foreign occupation by the Coalition with Samdech Norodom Sihanouk as President of Democratic Kampuchea,

Taking note of Economic and Social Council decision 1986/146 of 23 May 1986 on the right of peoples to self-determination and its application to peoples under colonial or alien domination or foreign occupation,

Greatly disturbed that the continued fighting and instability of Kampuchea have forced an additional large number of Kampucheans to flee to the Thai-Kampuchean border in search of food and safety,

Recognizing that the assistance extended by the international community has continued to reduce the food shortages and health problems of the Kampuchean people,

Emphasizing that it is the inalienable right of the Kampuchean people who have sought refuge in neighboring countries to return safely to their homeland,

Emphasizing further that no effective solution to the humanitarian problems can be achieved without a comprehensive political settlement of the Kampuchean conflict,

Seriously concerned about reported demographic changes being imposed in Kampuchea by foreign occupation forces,

Convinced that, to bring about lasting peace in South-East Asia and reduce the threat to international peace and security, there is an urgent need for the international

community to find a comprehensive political solution to the Kampuchean problem that will provide for the withdrawal of all foreign forces and ensure respect for the sovereignty, independence, territorial integrity and neutral and non-aligned status of Kampuchea, as well as the right of the Kampuchean people to self-determination free from outside interference.

Reiterating its conviction that, after the comprehensive political settlement of the Kampuchean question through peaceful means, the States of the South-East Asian region can pursue efforts to establish a zone of peace, freedom and neutrality in South-East Asia so as to lessen international tensions and to achieve lasting peace in the region,

Reaffirming the need for all States to adhere strictly to the principles of the Charter of the United Nations, which call for respect for the national independence, sovereignty and territorial integrity of all States, non-intervention and non-interference in the internal affairs of States, non-recourse to the threat or use of force and peaceful settlement of disputes.

1. *Reaffirms* its resolutions 34/22, 35/6, 36/5, 37/6, 38/3, 39/5 and 40/7 and calls for their full implementation;

2. *Reiterates its conviction* that the withdrawal of all foreign forces from Kampuchea, the restoration and preservation of its independence, sovereignty and territorial integrity, the right of the Kampuchean people to determine their own destiny and the commitment by all States to non-interference and non-intervention in the internal affairs of Kampuchea are the principal components of any just and lasting resolution of the Kampuchean problem;

3. *Takes note with appreciation* of the report of the *Ad Hoc* Committee of the International Conference on Kampuchea on its activities during 1985-1986 and requests that the Committee continue its work, pending the reconvening of the Conference;

4. *Authorizes* the *Ad Hoc* Committee to convene when necessary and to carry out the tasks entrusted to it in its mandate;

5. *Reaffirms* its decision to reconvene the Conference at an appropriate time, in accordance with Conference resolution 1(I);

6. *Renews its appeal* to all States of South-East Asia and others concerned to attend future sessions of the Conference;

7. *Requests* the Conference to report to the General Assembly on its future sessions;

8. *Requests* the Secretary-General to continue to consult with and assist the Conference and the *Ad Hoc* Committee and to provide them on a regular basis with the necessary facilities to carry out their functions;

9. *Expresses its appreciation once again* to the Secretary-General for taking appropriate steps in following the situation closely and requests him to continue to do so and to exercise his good offices in order to contribute to a comprehensive political settlement;

10. *Expresses its deep appreciation once again* to donor countries, and the United Nations and its agencies and other humanitarian organizations, national and international, that have rendered relief assistance to the Kampuchean people, and appeals to them to continue to provide emergency assistance to those Kampucheans who are still in need, especially along the Thai-Kampuchean border and in the holding centers in Thailand;

11. *Reiterates its deep appreciation* to the Secretary-General for his efforts in co-ordinating humanitarian relief assistance and in monitoring its distribution, and requests him to intensify such efforts as are necessary;

12. *Urges* the States of South-East Asia, once a comprehensive political solution to the Kampuchean conflict is achieved, to exert renewed efforts to establish a zone of peace, freedom and neutrality in South-East Asia;

13. *Reiterates the hope* that, following a comprehensive political solution, an inter-governmental committee will be established to consider a programme of assistance to Kampuchea for the reconstruction of its economy and for the economic and social development of all States in the region;

14. *Requests* the Secretary-General to report to the General Assembly at its forty-second session on the implementation of the present resolution;

15. *Decides* to include in the provisional agenda of its forty-second session the item entitled "The situation in Kampuchea."

¹USUN press release 120.

²Adopted by a vote of 115 for (U.S.) and 21 against, with 13 abstentions. ■

Nicaragua

by Herbert S. Okun

*Statement in a plenary session of the UN General Assembly on November 3, 1986. Ambassador Okun is U.S. Deputy Permanent Representative to the United Nations.*¹

As my delegation stated in the General Committee on October 30, the United States believes the new item proposed by Nicaragua is not an appropriate item for consideration by the General Assembly. In regards to judgments of the International Court of Justice (ICJ), Article 94(2), provides that a "party may have recourse to the Security Council." There is no mention of any role for the General Assembly.

For this reason, until now, no member state has requested the General Assembly to take a decision on an issue of this nature. Even those member states which have accepted the com-

pulsory jurisdiction of the International Court of Justice should have serious reservations about involving the General Assembly in implementing decisions of the International Court of Justice.

The United States believes that the question that Nicaragua has insisted on bringing up today must be considered in the context of what is happening within Nicaragua and between Nicaragua and its neighbors in Central America. I will have more to say about that presently.

As we have often stated before, it is not enough to claim that, just because Article 36(6) of the Court's statute says that it *may* decide disputes concerning jurisdiction, the Court, indeed, *did* have jurisdiction in this particular dispute. No court, including the International Court of Justice, has the legal power to assert jurisdiction where there is no basis for that jurisdiction.

The absence of any foundation in either law or fact for the Court's assertion of jurisdiction in this case is clear. Look at the language and the negotiating history of the Charter of the United Nations. Look at the language and the negotiating history of the Statute of the International Court of Justice. Look at the consistent interpretation of these instruments by the Court, by the Security Council, and by member states.

The resolution before us today is based on a fundamentally flawed interpretation of the significance and validity of the decision of the International Court of Justice. Moreover, even if it were not so flawed, it is not appropriate for consideration by the General Assembly. Those are two of the reasons why my delegation will vote against this draft resolution.

Given this background, why has Nicaragua chosen to come to the General Assembly today? As it has done so often in the Security Council in the past, the Sandinistas clearly intend to manipulate the U.N. General Assembly for propaganda purposes. If Nicaragua wished serious consideration of this issue in its totality, it would have agreed to take it up as part of Item 42, the Situation in Central America, which is already on the General Assembly's agenda for discussion.

In spite of what the representative of Nicaragua has asserted here this morning, the issue at stake is the crisis in Central America and how to resolve it. Nicaragua has twisted the issue by portraying it as a conflict between Nicaragua and the United States. My government, the people of Central America, and the Sandinistas themselves know that this is not the case. The

Sandinista regime is responsible for the crisis. It has waged a campaign of subversion against all of its neighbors and a campaign of repression against its own people, whose revolution it has betrayed.

During the 1979 revolution in Nicaragua, the Sandinistas pledged to follow a policy of nonalignment. They promised not to export their revolution. But, from the outset, the Sandinistas planned to ally themselves with Cuba and the Soviet bloc. By 1980 the Sandinistas were deeply involved in regional subversion, supporting the Marxist guerrillas seeking to overthrow the Government of El Salvador. The evidence proves this support is massive and undeniable. It ranges from statements by former guerrillas and mountains of captured documents to physical proof such as captured weapons and munitions.

Nicaraguan subversion goes far beyond El Salvador. The Sandinistas provide clandestine assistance to subversive groups throughout the region. The Sandinistas directly participated in the 1983 and 1984 attempts to infiltrate subversives into Honduras, as captured subversives themselves have admitted. The Sandinistas have also supported terrorists in Costa Rica, and their agents have repeatedly attempted assassinations in that country. The Nicaraguan connection with the weapons used by the Colombian M-19 in the bloody attack on the Palace of Justice in Bogota is well known.

A threatening rise in Nicaragua's conventional forces has accompanied the Sandinistas' subversion of their neighbors. Since 1979 the Sandinistas have created the largest army in the history of Central America—ten times the size of Somoza's. To equip it, they have received from their Cuban and Soviet allies an arsenal without precedent in the region, including fleets of combat helicopters, battalions of tanks and armored vehicles, and scores of artillery pieces and rocket launchers. They have militarized Nicaragua, turning the country into an armed camp. I refer you to an article printed just last Wednesday in *The New York Times* on the latest delivery of Soviet helicopter gunships. Every day these formidable weapons, piloted in many cases by Cubans, are killing ever-escalating numbers of Nicaraguans.

Just as the Sandinistas have betrayed their neighbors, all of whom welcomed the Nicaraguan revolution, they have also betrayed the Nicaraguans who believed the Sandinistas' promises of freedom and democracy. In recent

months, the Sandinista regime has ruthlessly intensified the consolidation of its totalitarian rule. Using its secret police—ten times the size of Somoza's—and its network of Cuban-inspired "block committees," it has created an atmosphere of fear and repression that far exceeds the worst excesses of the Somoza regime. The Sandinistas have suspended even the most basic of human rights. They have engaged in a systematic pattern of summary executions, arbitrary detentions, and physical and psychological abuse of prisoners.

Let me dwell for a moment on the Sandinistas' violations of human rights. According to the Organization of American States' (OAS) human rights office, there are some 2,000 Nicaraguan prisoners who have been tried or are awaiting trial by the so-called Popular Anti-Somocista Tribunals, whose conviction rate is 99%. The OAS report notes that these prisoners enjoy no presumption of innocence, have limited access to defense counsel, and face judges whose "impartiality, fairness, and independence of judgment are seriously compromised."

Since the Nicaraguan representative insists upon invoking the rule of law and concepts of justice before this body, let me call to the attention of those who may have missed it the description of the Sandinista system for dispensing justice which appeared in the October 31 issue of *The New York Times*. The article reported that the popular tribunals have become a principal Sandinista instrument for repressing the peaceful democratic opposition under the guise of adjudicating national security cases. I quote from the article.

Independent labor unionists, opposition party activists, journalists and other peaceful dissidents have been proclaimed "counter-revolutionaries" and given stiff jail terms by the tribunals. . . . The common experience of political defendants is arrest without warrant and incommunicado detention. Though the tribunals' summary procedures are meant to expedite justice, many defendants are held for several months before being charged or tried. They are interrogated in harsh conditions, invariably making self-incriminating statements under duress and sometimes torture. Once charges are brought, proceedings are speedy. . . . Human rights groups have noted that several lawyers have been imprisoned for too vigorously defending political clients.

The Sandinistas claim that they somehow have been given a mandate to rule Nicaragua. From whom or what did they obtain this mandate? Certainly not from the hundreds of thousands of

Nicaraguans who participated in the 1979 revolution, thinking it would bring genuine democracy to Nicaragua and who subsequently had to flee the country. The Sandinistas have persecuted the genuinely democratic political parties that played such a noble role in the revolution, forcing many of their leaders into exile and harassing and intimidating those who chose to remain. Among the many tragic ironies of the Sandinistas' betrayal of the revolution is the fate of *La Prensa*. The assassination of *La Prensa's* publisher in 1978 was the spark which ignited the revolution. In June of this year, the Sandinistas closed down *La Prensa* as the last step in their 7-year effort to stamp out a free press, one of the essential elements of democratic government.

Because the revolution before us today totally ignores the situation that prevails between Nicaragua and its neighbors, making not even a single reference to the Contadora process, and because it also ignores the fundamental principles of human rights embodied in the Charter of the United Nations, my delegation believes that it is a totally unacceptable portrayal of the tragic reality of Central America. This is yet another reason why my delegation will vote against this resolution.

My delegation had been planning to elaborate its views on how to reach a peaceful settlement in Central America during the long-scheduled plenary debate on Central America. In spite of today's diversionary exercise by the Sandinistas, my delegation still plans to do so. Let me, nevertheless, restate the fundamental approach of my government to the conflict in the region.

The United States continues to seek a negotiated settlement. It has supported and continues to support the Contadora process in its quest for a regional solution. U.S. policy toward Nicaragua remains fully consistent with the 21 points of the Contadora Document of Objectives agreed to by the four Contadora group countries and the five Central American countries, including Nicaragua in September 1983. The United States has stated repeatedly and categorically that it would abide by a comprehensive, verifiable, and simultaneous implementation of the Document of Objectives. But only the full realization of all 21 points, including true national reconciliation and democratization in Nicaragua, can lead to a lasting peace in Central America.

Once again the United States calls on the Sandinistas to enter into serious negotiations with the democratic opposition aimed at achieving national recon-

ciliation and democratization. Our longstanding offer to hold simultaneous talks with the Sandinistas if they undertake such negotiations still stands.

My delegation is concerned that the tactics used by the Sandinistas so blatantly in provoking this debate today have been designed with one purpose in mind. They wish to avoid answering some basic questions about their intentions toward their neighbors and toward their own people.

- **Why** do the Sandinistas continue to attack and subvert their neighbors?
- **Why** do the Sandinistas continue to destroy those within Nicaragua—such as labor unions, the free press, the church, the private sector, and even the Miskito Indians—who cling to the ideals of the revolution and attempt peacefully to make these ideals a reality?
- **Why** do the Sandinistas need a secret police ten times the size of Somoza's?
- And finally, **why** are the Sandinistas unwilling to enter into the dialogue with all of the democratic opposition that could lead to genuine national reconciliation?

We ask: When will this body and—more important—the Nicaraguan people—be given answers to these questions?

¹USUN press release 141. ■

Situation in Afghanistan

by Herbert S. Okun

Statement in a plenary session of the UN General Assembly on November 4, 1986. Ambassador Okun is U.S. Deputy Permanent Representative to the United Nations.¹

A whole nation is dying. Even now, as we speak, innocent Afghan men, women, and children are being indiscriminately slaughtered—simply because they refuse to relinquish what is theirs: their homes, their land, their families, their culture and religion, their way of life.

This Assembly has an abundance of well-documented material from many sources which describes the consequences of 7 years of brutal Soviet onslaught against an entire nation. The UN Special Rapporteur on Afghanistan,

whose report will be considered by the Assembly later in this session, has concluded that "the only solution to the human rights situation in Afghanistan is the withdrawal of all foreign troops. Continuation of the military solution will . . . lead inevitably to a situation approaching genocide."

"Genocide" is a term which means "the systematic killing of, or a program of action intended to destroy, a whole national or ethnic group." It is unconscionable that in today's world a situation exists that might justify being characterized as approaching genocide. Despite considerable efforts by the Soviet Union and the Kabul regime to restrict and manipulate news coverage of the war, no one—certainly no one in this forum—can claim to be ignorant about what is happening in Afghanistan.

Since the Soviet Union's unprovoked invasion of a friendly nonaligned neighbor 7 years ago, we have gathered here to express our collective outrage at the transgressions of basic human rights being perpetrated against the Afghan people. We are all aware of the number and scope of violations of international humanitarian law being carried out in Afghanistan by the Soviet Union or its puppets. These include, but by no means are limited to:

- The 1949 Geneva conventions and customary international law designed to protect civilians; these proscribe murder and mutilation and the large-scale use of antipersonnel weapons;
- The 1925 Geneva protocol and the 1972 Biological and Toxin Weapons Convention which prohibit the use of asphyxiating, poisonous, or other gases;
- Article 7 of the International Covenant on Civil and Political Rights which prohibits torture and other cruel, inhuman, or degrading treatment or punishment; and
- The 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict.

This list—incomplete as it is—is impressive in its total disregard for the basic principles of human rights and decency. It is inconceivable in today's world that a country be permitted to remain unaccountable on the application of human rights. It is inconceivable that, among the world community of nations gathered here today, there are governments that continue to remain unmoved by the tragedy of Afghanistan—so unmoved that they refuse to vote in favor of a resolution that merely asks that the Afghan people be permitted to determine their own fate in peace and

dignity, free from the yoke of military oppression. Abstention on an issue affecting the survival of an entire people is inexcusable.

Have we become so accustomed to massacre and torture, to indiscriminate bombings and mutilation that we no longer comprehend the full horror of what is happening in Afghanistan? Is it not crystal clear that the situation in Afghanistan is not only one of violence and death, bombings and military encounters, but that it is a situation which, if permitted to continue unchecked, could result in the elimination of "a whole national or ethnic group"?

The very fabric of Afghanistan's traditional society is being rent under force of arms. Village life has been shattered; families have been separated; women widowed; children orphaned. Children are being born and raised in refugee camps and have no prospect of experiencing life in their own country. Children who remain in Soviet-dominated areas of Afghanistan are being taught a distorted version of Afghan history viewed through the prism of Marxist-Leninist dogma.

The world's largest refugee population has been created, as over one-third of Afghanistan's prewar population has been violently displaced. And, as if this were not enough, the regime recently announced plans to relocate 30,000 people from areas near the Pakistani border to sparsely populated areas in western Afghanistan. Such a policy would almost certainly involve a massive violation of human rights; it also indicates the lengths to which the Soviet Union must go to deny popular support to the Afghan resistance.

After 7 years of a war waged by a superpower against one of the poorest nations in the world, the Soviet Union has apparently realized that a national liberation movement cannot be conquered by conventional military tactics and weaponry. Instead it has conceived and begun to implement a much more subtle three-pronged strategy composed of military, intelligence, and political measures. This military-political campaign, combining intimidation and violence with subtle bribery and a massive propaganda effort, is intended to permit the Soviet Union to proceed to consolidate its power in Afghanistan with a minimum of international outcry.

Since its invasion of Afghanistan in 1979, the Soviet Union has moved steadily toward creating a fighting force that is more appropriate to counter-insurgency. It has increased reliance on

light airborne forces rather than heavy motorized columns; it has intensified ambush and interdiction operations along the border areas; it has significantly increased the number of Soviet special purpose forces, of which there are now over eight battalions in Afghanistan, roughly double the 1983 level.

This redefined military effort has been accomplished by a campaign to win hearts, minds, and pocketbooks led by the former chief of the Afghan secret police, Najibullah. There has been a dramatic increase in sabotage efforts in the tribal areas of Pakistan along the Afghanistan border. Bribery of tribal leaders, regional and town leaders, even religious leaders, has been accompanied by threats of violence as a penalty for cooperating with the *mujahidin*. Indoctrination efforts continue, aimed at creating a loyal cadre of pro-Soviet Afghans, and thousands of children are sent every year to the Soviet Union.

Despite these efforts, the Soviet Union is no closer today to consolidating its control over Afghanistan than it was on December 27, 1979, when its invading troops murdered President Amin—the man who allegedly first invited Soviet troops into Afghanistan. The Soviet Union, despite all its efforts, cannot break the will of a people united in a national liberation struggle. The Afghan people will not, they cannot, acquiesce in what amounts to their own destruction as a people and as a nation. There is an old Afghan saying: "the *mujahid* waited 100 years for his revenge and cursed himself for his impatience."

The Afghan people will *never* surrender. The magnitude of the Soviet threat—not only militarily but for traditional Afghan religious and cultural values—has forged a unity of purpose among resistance fighters unparalleled in Afghanistan's history. Today the resistance is cooperating more closely together than ever before—joining forces, coordinating attacks, and sharing intelligence and battle techniques. Regular rocketing of Kabul, including the spectacular ammunition dump explosion on August 26, testifies to *mujahidin* ability to penetrate even the most fortified of Soviet security rings.

It is not the brave freedom fighters of Afghanistan who have failed to adapt and take countermeasures against a more subtle Soviet political strategy. Many of us in the world community of nations are being lulled into inaction by Soviet hints of flexibility. Many prefer to close their eyes and ears rather than

acknowledge and demand a cessation of the horrors visited daily on the Afghan people.

On July 28, General Secretary Gorbachev announced the Soviet intention to withdraw six regiments from Afghanistan. This token withdrawal was hailed by the Soviets as "evidence" of their desire for a political settlement. In reality, it is intended to obscure the persistent Soviet refusal to provide a timetable for comprehensive withdrawal. Militarily insignificant, the so-called withdrawal has been unmasked by convincing evidence which indicates that significant additional amounts of equipment and troops were introduced into Afghanistan after the July 28 speech for the sole purpose of publicly withdrawing them. Many of you are familiar with this evidence.

If the Soviet Union wants to demonstrate its interest in a political settlement in Afghanistan, it need only respond to seven General Assembly resolutions which call for the immediate withdrawal of all foreign forces; it need only present a short timetable at Geneva for a complete troop withdrawal. This is the missing element in the search for an end to 7 years of war and destruction in Afghanistan.

As we all know, the UN Secretary General and his personal representative, Under Secretary General Diego Cordovez, have been conducting negotiations aimed at achieving a political settlement. The U.S. Government supports the efforts of the Secretary General and his representative and applauds their diligence and their commitment to a just and durable settlement. We have stated at previous sessions of the General Assembly—and reiterate today—that the United States firmly supports this process. We have made known our willingness, in writing, to play an appropriate guarantor's role with respect to a comprehensive and balanced settlement that protects the legitimate security interests of all concerned.

Three of the four basic documents which would comprise a comprehensive settlement have been largely completed. These include agreements on mutual non-interference and non-intervention, voluntary return of the refugees, and international guarantees. The fourth document, which was discussed for the first time in May of this year, lays out the interrelationship of the three documents to the central issue of Soviet troop withdrawals. Although progress has been made on the format and scope of this fourth instrument, the Soviet Union has persisted in its refusal to pro-

vide a realistic timetable for the complete withdrawal of all Soviet troops.

The time has come for deeds, not words. The Soviet Union is counting on outlasting the Afghans and those who support their fight for freedom. By prolonging the war and enshrouding it in hints and meaningless gestures, they are hoping and waiting for the world's attention span to slip, for our outrage to wane. We cannot permit this to happen. Collectively, we can and must help put an end to the carnage and destruction in Afghanistan. In voting for this resolution, let us demonstrate our commitment to the comprehensive political settlement which is now in sight, except for one missing element—a short timetable for the withdrawal of all Soviet troops. In voting for this resolution, let us demonstrate that we—the world community of nations—will not permit the Afghan nation to perish from this Earth.

¹USUN press release 142. ■

U.S. Reconfirms Support for IAEA

by Richard T. Kennedy

Statement in a plenary session of the UN General Assembly on November 11, 1986. Ambassador Kennedy is U.S. permanent representative to the International Atomic Energy Agency (IAEA) and Ambassador at Large and special adviser to the Secretary on nonproliferation policy and nuclear energy affairs.¹

As the U.S. representative to the International Atomic Energy Agency, it is a great pleasure for me today to consider, with my distinguished colleagues, the annual report of the IAEA. I am particularly gratified for the important work of the IAEA and to reflect briefly on its solid record of accomplishment in promoting the safe and peaceful uses of nuclear energy for the benefit of people throughout the world.

My government joins those who have commended the Director General for his excellent report and statement and for the agency's work which it reflects. The IAEA—its staff and its member states—can look with justifiable pride and satisfaction upon its ongoing safeguards and technical cooperation activities and its accomplishments in the field of nuclear safety.

Over the 30 years of its life, the IAEA has assumed ever greater impor-

tance as a key instrument in the global efforts to protect against the further proliferation of nuclear weapons, while assuring that the benefits of peaceful uses of nuclear energy are made widely available. It is an agency which the United States ranks among the most important of the international institutions.

The vital international safeguards program which the IAEA administers provides the necessary confidence to states throughout the world that nuclear energy is being used only in the intended peaceful ways. And, thus, the agency's safeguards program provides the necessary underpinning for broad cooperation in the peaceful uses of nuclear energy for the benefit of all. My government is particularly gratified that the agency has continued to strengthen its safeguards program, developing new and more effective ways to increase international confidence, while at the same time keeping a watchful eye on the resource commitments involved.

The agency also is to be congratulated for its successful efforts to promote the widespread use of the peaceful atom. Its technical cooperation activities in nuclear energy—including nuclear medicine—in improvement of food and agriculture contribute greatly to the well-being of peoples throughout the world.

The IAEA plays a leading role, too, in efforts to assure that nuclear power is used in a way which fully protects the public health and safety. Earlier this year, following the tragic accident at Chernobyl, we were vividly reminded of the critical role of the IAEA in the field of nuclear safety. The rapid and effective response of the IAEA to that accident, and its subsequent efforts to address in a comprehensive manner its immediate and long-term consequences, amply reflect the initiative and seriousness of purpose which have, for so many years, distinguished the agency's work.

My government wishes particularly to commend the IAEA for its support of the successful efforts by member states to complete negotiations, within a period of weeks, on two international conventions regarding early notification and emergency assistance in the event of nuclear accidents. These conventions are significant not only for their practical applications but for the fact that they emerged from a spirit of compromise and cooperation, all too rare in multilateral fora.

This same constructive spirit was evidenced at the post-Chernobyl experts

meeting in August and at the special session of the IAEA general conference on nuclear safety in September. Each of these meetings resulted in a thoroughly constructive exchange of views, which doubtless will form the basis for the agency's future activities in the nuclear safety area.

I have cited these recent initiatives by the agency because they so clearly typify the manner in which the IAEA does its work year after year. In that light, 1985—on which the Director General has so well reported—was no exception. While most of its activities are not featured on the front pages of the world's newspapers, and while most of its projects, courses, and special programs receive little or no public attention, the agency consistently approaches its work with dedication and competence. It seeks always to respond effectively to the diverse interests and needs of its members.

At the same time, we must look to the future to assure that the IAEA remains an effective international institution—one which maintains a clear focus on its technical mandate of safeguards, technical cooperation, and nuclear safety. In the past, the agency on occasion has become embroiled in political controversies and issues extraneous to its statute and its mission. Such controversies unfortunately have occupied unnecessarily and undesirably the attention of its policymaking organs and governing bodies. We are pleased that there appears to be a trend away from such extraneous debate. It is incumbent on all of its members to assure that the agency not be distracted from its vital technical missions.

My government also believes that the IAEA must continue to be the principal international institution in which all states can join together to promote the peaceful uses of nuclear energy. Thus, universality of membership must continue to be a guiding principle for the agency. For otherwise, the goal of assuring that the peoples of the world can enjoy the greatest possible benefits of the safe and peaceful use of nuclear energy will be unattainable.

I have high confidence that other member states share our appreciation of the agency and concur in the importance of its technical mission. I am certain that as the agency approaches the year ahead—a year which promises to be one of challenge and growth—it will continue to uphold the high standards of excellence it has established. I am equally certain that the solid record of achievement which we have seen in this past year will

be repeated in the next—in no small measure, as a result of the outstanding leadership provided by Director General Hans Blix.

Before closing please let me observe that my delegation has noted with interest the comments of some previous speakers concerning efforts to enhance nuclear arms control and to achieve the ultimate elimination of all nuclear weapons. My delegation would note that the United States, too, has put forward constructive, viable proposals directed toward these objectives. The United States, too, hopes that these proposals can be carefully considered by the Soviet Union as discussion of all proposals concerning nuclear weapons continues.

My government is pleased, therefore, to join with other states in supporting the resolution [No. L-32] on the IAEA annual report. We look forward to working with the agency staff and with other member states in support of the agency's programs, which so clearly benefit us all.

¹USUN press release 150. ■

Libyan Occupation of Northern Chad

by Herbert S. Okun

Statement in the Security Council on November 18, 1986. Ambassador Okun is U.S. Deputy Permanent Representative to the United Nations.¹

The U.S. delegation believes that the Government of the Third Republic of Chad, since it came to power in 1982, has vigorously worked to achieve national reconciliation. It has attempted to heal the wounds caused by the long civil war in that country. It has met with great success. The Chadian Government has welcomed back thousands of former opponents and helped them to resume their place in Chad's national life.

As the Permanent Representative of Chad has just pointed out, Chad's domestic progress has been disrupted by external military aggression directed against it. In 1983, in clear violation of not only the Charter of the United Nations but also that of the Organization of African Unity, Libya invaded and seized nearly half of the territory of the Republic of Chad. This Libyan occupation of Chad's northern provinces still continues today.

Libya's occupation of northern Chad is maintained only through harsh military rule. Several thousand Libyan troops have constructed and occupy a number of military bases and airfields on Chadian soil. Many Chadian civilians have been forced to flee from their ancestral homes in the north and to seek refuge south of the 16th parallel, in the territory controlled by the Government of Chad. This massive flow of refugees is clear evidence of aggression against the Government and people of Chad.

A member of this organization, one that claims to uphold the Charter, is responsible for this aggression. Libya's attack on Chad threatens not only its smaller neighbor but the peace and stability of other nations in the region as well. Let us review what has happened since the Council last met on this subject in January 1985.

In February and March 1986, Libyan-controlled military forces, operating from the territory they had previously occupied in northern Chad, launched heavy attacks against Chadian Government posts along and south of the 16th parallel. As you will recall, in February of this year, the Permanent Representative of the Republic of Chad again reminded the Security Council of continued Libyan military aggression against his country in flagrant violation of resolutions of the United Nations and the Organization of African Unity. He also informed this body that his government had requested, under Article 51 of the UN Charter, assistance from the Government of France in order to resist this aggression.

In intense fighting, Chadian Government troops repulsed all of these attacks, inflicting heavy casualties on the attackers and taking hundreds of prisoners, including a number of Libyan soldiers. The Libyan response was to send a military aircraft to bomb N'Djamena airport on February 17.

The international community has just learned of new Libyan repression in northern Chad. We understand that the latest Libyan actions are directed not just against Chadian military units but also involved open warfare against the civilian population of northern Chad. Libya is bombing villages, indiscriminately killing Chadian civilians, and conducting a scorched earth policy by burning plantations and killing cattle. In his persuasive memorandum of November 13, 1986, to the Council, the Permanent Representative of Chad has referred to these Libyan actions as genocide.

Libya has attempted to justify its invasion, seizure, and occupation of northern Chad and support for a former

Chadian regime, the GUNT, [National Union Transition Government]. The falsity of this claim has now been demonstrated by the Libyans themselves. Libya acknowledges that the GUNT has collapsed. Most GUNT members have rallied to the Government of Chad and are now fighting against the Libyan invaders. In Tripoli the Libyans themselves shot and wounded GUNT leader Goukouni Oueddei when they attempted to arrest him.

Chad is not a colony of Libya. Chad is an independent, nonaligned member of the United Nations. It threatens no other nation, least of all Libya. The Chadian people do not want Libyan soldiers in their country. Chad is one of the poorest countries in the world. It wants to devote its energies to rebuilding and recovering from civil war and natural disaster. Its efforts in the field of economic development are greatly inhibited by the efforts it must make to resist Libyan military aggression.

In its struggle against outside aggression, Chad deserves the support of all of us. By its aggression against Chad, Libya merits the condemnation of the international community. All members of this organization, if they really believe in the Charter, should demand that Libya withdraw its military forces from Chad and cease its aggression against a member of this organization.

The United States strongly supports the sovereignty and territorial integrity of Chad. We join with Chad in calling for an immediate end to brutal Libyan actions against the people of Chad. We join with those other members of the United Nations which call for the prompt withdrawal of Libyan military forces from Chad and an early end to Libyan aggression against Chad.

¹USUN press release 158 of Nov. 18, 1986. ■

Libya

by Larry Pressler

Statement in a plenary session of the General Assembly on November 19, 1986. Senator Pressler is a U.S. delegate to the 41st session of the UN General Assembly.¹

The General Assembly is meeting here this morning at the behest of Libya. Libya is trying to portray itself as an innocent victim and to portray the

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United States as having engaged in unprovoked and unjustified action against it. Let us look first at these professions of innocence. Such a look should make clear why the United States, after many years of verbal warnings and appeals to this body, finally found it necessary, in accordance with Article 51 of the UN Charter, to act in self-defense on April 15 and 16 of this year.

Let us turn to this sordid record of Libyan terrorism and violence. We could begin in 1969 when Qadhafi came to power. But let us go back only toward the end of the last decade. In the wake of the seizure of our embassy in Tehran, the U.S. Embassy in Tripoli was burned on December 2, 1979. The United States suspended most diplomatic activities, but a small embassy staff remained. The attack on our embassy was followed by similar attacks on the French Embassy in Tripoli in early 1980, which led to the closing of our embassy on February 15.

The record of Libya's readiness to carry its terrorist campaign to other countries was similarly established early on. Already in February 1979, Libya had used civilian aircraft to send troops to assist Uganda's dictator, Idi Amin. By 1981 Libya had begun its campaign of assassination attempts and interference against Chad. In October 1981, the planned assassination of Hussein Habre during a visit to the Sudan failed when Libyans sent to conduct the operation surrendered to Sudanese authorities. In July 1983, Libyan forces invaded and occupied parts of Chad for the second time.

The Libyans started attacks on airline passengers, airports, and civilian transport in 1981. In February a Libyan gunman opened fire on passengers arriving on a flight from Algiers at Rome's airport, targeting a prominent anti-Qadhafi exile. In October two bombs exploded in luggage being unloaded from a plane arriving in Egypt from Libya. In April 1984, a bomb hidden in an unclaimed suitcase unloaded from a Libyan airliner exploded at London's Heathrow Airport, injuring 25 innocent civilians.

Another aspect of Qadhafi's worldwide terrorist campaign which started in the early 1980s has been assassinations of his opponents living abroad. In October 1980, a graduate student was shot and seriously wounded in Colorado; the following July another anti-Qadhafi student was killed in Ogden, Utah. Throughout 1982 and 1983, Libyan students studying in Europe were harassed and their lives threatened. In March 1984, four bombs exploded in

London and Manchester near the homes and businesses of Libyan exiles; over 25 people were injured.

The year 1984 was a particularly bloody one as Qadhafi spread his terrorist net throughout Europe and the Mediterranean. In March a mob burned the Jordanian Embassy in Tripoli, while Libyan authorities stood by and took no action. In April shots were fired from the offices of the Libyan People's Bureau in London, killing a British policewoman. When the British Government closed the bureau and severed diplomatic relations, the Libyans arrested a number of British subjects in Tripoli on trumped-up charges and held them hostage in an effort to pressure the British Government not to prosecute those arrested in London.

By mid-1984 Qadhafi's terrorist campaign entered high gear. In June the official Libyan news agency, Jana, announced that the "Libyan masses have decided to form suicide commandos to chase traitors and stray dogs wherever they are and liquidate them physically." The same month the anti-Qadhafi Libyan editor of an Arab newspaper in Athens was killed by two men on a motorbike. Three months later, a Libyan exile was found gagged and strangled in his hotel room in Rome. That summer 19 ships were damaged by mines which exploded in the Red Sea. These mines were generally accepted to have been laid by a Libyan vessel. In September the Libyans were again implicated in a plot to assassinate Chad's President Hussein Habre using a briefcase bomb. In November Egypt's President Mubarak announced that four assassins who had been sent to Egypt by Qadhafi to kill former Libyan Prime Minister Bakouh were arrested. Pictures were sent to the Libyan People's Bureau in Malta showing Bakouh apparently dead. Official Libyan press sources then claimed that Bakouh had been executed by suicide squads sent abroad to liquidate enemies of the revolution. Qadhafi's intentions were clearly on record, although his thugs fortunately were unable to accomplish their mission.

Libya's terrorist campaign continued unabated during 1985. In a speech on March 31, Qadhafi urged that "our task here in this command is to see to it that individual suicidal operations are transformed into an organized action which will bear fruit, defeat the enemy, and liberate the nation... we want everyone of us to say: I have decided to die just to spite America, because this decision is one that America cannot veto."

Who have been the victims? In February it was the former Libyan Ambassador to Austria who had resigned in protest against the regime 5 years earlier. In March it was a Libyan jeweler in Rome; in April a Libyan businessman in Nicosia, a Libyan student, and a Moroccan citizen resident in West Germany. In September it was two postal workers in Tunis injured by letter bombs smuggled into Tunisia by a Libyan diplomat. The incident caused Tunisia to sever diplomatic relations. That same summer my government expelled a Libyan diplomat here at the United Nations whom we had found to be involved in a plot against Libyan opponents of the Qadhafi regime living in the United States.

The year 1985 ended with the horrendous terrorist attacks at the airports in Rome and Vienna on December 27. Twenty people were killed, including four terrorists. More than 110 people were wounded. Five of the dead were Americans, including a teenage girl. Libya was deeply involved in support for the Abu Nidal group which coordinated and carried out these terrorist attacks. Libyan complicity was clear. Tunisian officials reported that the Qadhafi regime was in possession of two Tunisian passports which had been used by the terrorists. Those passports could only have come into their possession with the deliberate connivance of the Libyan authorities.

We now come to 1986. Qadhafi's determination to spread death and destruction has led to further atrocities. The pattern of interference by force in the affairs of other African states has continued. On February 10 Libyan-backed rebels attacked Chadian forces in southern Chad, and on February 17 a Libyan bomber attacked the airfield at N'Djamena. While Libya denied any involvement in the fighting, the Chad Government reported the Libyans were among those who were taken prisoner. Alongside these events, Qadhafi's speeches were full of hate and violence. On March 5, he announced that "any person who left Libya is now in the hostile ranks on America's side. He is finished. He will receive no mercy or compassion at home or abroad. All traces of him should be wiped out. Even his house should not remain." On April 3, a bomb ripped through a West Berlin discotheque frequented by American troops, killing an American serviceman and a Turkish woman and injuring more than 230 people, about one-fourth of them Americans. A second soldier died of his wounds in June. The irrefutable

Secretary Visits Earthquake Site in El Salvador

Secretary Shultz (shown here with President Jose Napoleon Duarte) went to San Salvador October 16, 1986, to assess the damage and express the concern of President Reagan and the American people as a result of an earthquake a week earlier. This disaster resulted in nearly 1,000 deaths, some 21,000 injured, and left about 250,000 people homeless. Replacement costs for structures is expected to exceed \$1 billion. The U.S. Agency for International Development (AID) provided over \$2 million for the relief phase in the form of food, medical supplies, temporary shelters, and search-and-rescue equipment. Congress authorized AID to provide another \$50 million for the initial rehabilitation and reconstruction phase. The U.S. Embassy in San Salvador suffered extensive damage but there were no casualties. ■



(© AP photo)

Community have declared that they cannot have normal relations with a state which supports terrorism, specifically citing Libya as one such state.

The question which many countries have asked is whether the U.S. response was proportionate; was it in accord with international law? The answer is yes on both counts. President Reagan has said: "When our citizens are abused or attacked anywhere in the world on the direct orders of a hostile regime, we will respond so long as I'm in this Oval Office. Self-defense is not only our right, it is our duty. It is the purpose behind the mission... fully consistent with Article 51 of the UN Charter," which recognized the "inherent right of... self-defense if an armed attack occurs against a Member of the United Nations..."

The U.S. action was taken to reduce Libya's ability to continue to commit unlawful aggression through terrorist force against the United States and its nationals. The U.S. action was not blind retaliation or the seeking of retribution. No. The U.S. actions were designed only to prevent further attacks.

Unfortunately, while responsible governments have sought to isolate and contain Libya's terrorist virus, Libyan violence has continued. On April 17 four rocket-propelled grenades were fired at the British Ambassador's residence in Beirut. A Libyan-affiliated group, Omar

Al Mukhtar, claimed responsibility. On the same day, one American and two British hostages were murdered in Beirut, allegedly in reprisal for the air strikes on Libya. The next day four Libyans, including members of the Libyan People's Bureau, were arrested by Turkish authorities in Ankara for attempting to attack a U.S. Officers' Club.

Many of you were present at the nonaligned summit meeting in Harare this September. Qadhafi used that rostrum to challenge the principles of this organization, to divide us into hostile camps, and to champion the cause of terrorism. He said: "I promise you from this rostrum that from now on I will, with all my capabilities, divide this world into two camps—the liberation camp and the imperialist camp... everything must be liberated... all the French-speaking states... are not independent and are a fifth column inside this movement... the word commonwealth is very embarrassing... it means that you are properties of Britain... it is something shameful."

Two weeks later he equated terrorism with wars of liberation and revolution.

I have presented here today the record of the Qadhafi regime. The proof of Qadhafi's moral bankruptcy is before you. I ask you: What is the source of Libya's moral authority to appear before this Assembly? What is the basis of its

evidence pointed clearly to the involvement of the Libyan People's Bureau in East Berlin.

I will not repeat here the long list of verbal warnings and diplomatic efforts through this organization by which we sought to dissuade Libya from its campaign of terrorism. They are a matter of public record in the documents of the United Nations and are available to all of you.

It was in these circumstances that we finally acted in self-defense. On April 14, President Reagan authorized actions against centers of terrorist planning in Libya in response to repeated terrorist attacks against U.S. persons and property mounted under Libyan auspices. This step was taken with great reluctance: after repeated warnings; after conclusive evidence that the Qadhafi government continued to involve itself in support and control of terrorist actions against U.S. targets; and after conspicuous surveillance of American installations and personnel and other similar actions by Libyans which pointed to further terrorism. Our strikes were limited to terrorist facilities and military assets which support Qadhafi's attacks on us. As the President stated at the time: "The attacks were concentrated and carefully targeted to minimize casualties among the Libyan people, with whom we have no quarrel."

That night, the President, describing the monstrous brutality of Qadhafi's reign of terror, laid out the following standard of proof: "The evidence is now conclusive that the terrorist bombing of LaBelle discotheque was planned and executed under the direct orders of the Libyan regime. On March 25, more than a week before the attack, orders were sent from Tripoli to the Libyan People's Bureau in East Berlin to conduct a terrorist attack against Americans to cause maximum and indiscriminate casualties. Libya's agents then planted the bomb. On April 4, the People's Bureau alerted Tripoli that the attack would be carried out the following morning. The next day, they reported back to Tripoli on the great success of their mission. Our evidence is direct; it is precise; it is irrefutable."

Our evidence is sound. Those charged by their governments with dealing in this kind of evidence recognize it as such. The Government of the Federal Republic of Germany has announced that it has independent confirmation of the Libyan involvement in the LaBelle bombing. The members of the Tokyo economic summit and the European

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claim to be the exponent of international law and respect for the principles of the UN Charter? It is the height of hypocrisy for Libya to present a draft resolution² to the General Assembly which reaffirms "the obligation of all states to refrain from the use or threat of use of force in their international relations" and "the inalienable right of all peoples . . . to choose their political, social and economic system without any interference, subversion, coercion or constraint of any kind whatsoever."

With all this Libya-inspired activity, it is hardly surprising that Qadhafi's regime increasingly is shunned globally by governments which abide by a sense of principled adherence to internationally acceptable norms of behavior. My delegation did not ask for this debate. But now that it has taken place, we hope it will be the occasion for every country represented here to make clear its opposition to Libyan terrorism and to dissociate itself from Libya's aggressive rhetoric and reprehensible actions. The American people, as well as all those around the world who have been the victims of or who fear Libyan terrorism, will be watching what this body says and does on this hypocritical complaint from a regime that deserves the contempt of the international community.

¹USUN press release 159 of Nov. 19, 1986.

²On Nov. 20, the UN General Assembly adopted a resolution condemning the United States for its air attack on terrorist targets in Libya. The vote was 79 for 28 (U.S.) against, with 33 abstentions and 19 absent. ■

Current Actions

MULTILATERAL

Antarctica

Recommendations relating to the furtherance of the principles and objectives of the Antarctic Treaty (TIAS 4780). Done at Canberra July 24, 1961. Entered into force Apr. 30, 1962. TIAS 5094.

Adopted at Buenos Aires July 28, 1962. Entered into force Jan. 11, 1963. TIAS 5274.

Adopted at Brussels June 2-13, 1964. Entered into force July 27, 1966, Sept. 1, 1966, Dec. 22, 1978, and Nov. 1, 1982. TIAS 5058, 10485.

Adopted at Santiago Nov. 18, 1966. Entered into force (except for Rec. IV-12) Oct. 30, 1968, and Nov. 1, 1982. TIAS 6668.

Adopted at Paris Nov. 29, 1968. Entered into force May 26, 1972, July 31, 1972, and Nov. 1, 1982. TIAS 7692.

Adopted at Tokyo Oct. 30, 1970. Entered into force (except for Recs. VI-8 and 10) Oct. 10, 1973, and Nov. 1, 1982.

Adopted at Wellington Nov. 10, 1972. Entered into force (except for Rec. VII-5) May 29, 1975, and June 24, 1981. TIAS 8500.

Adopted at Oslo June 20, 1975. Entered into force Dec. 16, 1978, Sept. 1, 1980, Nov. 1, 1982, and Jan. 26, 1984. TIAS 10486.

Adopted at London Oct. 7, 1977. Entered into force Sept. 8, 1983. TIAS 10735.

Notification of approval: Brazil, Oct. 27, 1986.

Arbitration

Inter-American convention on international commercial arbitration. Done at Panama City Jan. 30, 1975. Entered into force June 16, 1976.¹

Instrument of ratification signed by President: Nov. 10, 1986.²

Aviation

International air services transit agreement. Signed at Chicago Dec. 7, 1944. Entered into force Jan. 20, 1945; for the U.S. Feb. 8, 1945. EAS 487; 59 Stat. 1693.

Notice of denunciation: Canada, Nov. 12, 1986, effective Nov. 12, 1987.

Convention on offenses and certain other acts committed on board aircraft. Done at Tokyo Sept. 14, 1963. Entered into force Dec. 4, 1969. TIAS 6768.

Accession deposited: Brunei, May 23, 1986.

Convention for the suppression of unlawful seizure of aircraft. Done at The Hague Dec. 16, 1970. Entered into force Oct. 14, 1971. TIAS 7192.

Accession deposited: Madagascar, Nov. 18, 1986.

Convention for the suppression of unlawful acts against the safety of civil aviation. Done at Montreal Sept. 23, 1971. Entered into force Jan. 26, 1973. TIAS 7570.

Accession deposited: Madagascar, Nov. 18, 1986.

Biological Weapons

Convention on the prohibition of the development, production, and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London, and Moscow Apr. 10, 1972. Entered into force Mar. 26, 1975. TIAS 8062.

Ratification deposited: Sri Lanka, Nov. 18, 1986.

Coffee

International coffee agreement, 1983, with annexes. Done at London Sept. 16, 1982. Entered into force provisionally Oct. 1, 1983; definitively Sept. 11, 1985.

Ratification deposited: Greece, Sept. 19, 1986.

Conservation

Convention on wetlands of international importance especially as waterfowl habitat. Done at Ramsar Feb. 2, 1971. Entered into force Dec. 21, 1975.¹

Protocol to the convention on wetlands of international importance especially as waterfowl habitat of Feb. 2, 1971. Adopted at Paris Dec. 2, 1982.³

Instrument of ratification signed by President: Nov. 10, 1986.

Fisheries

Convention for the conservation of salmon in the North Atlantic Ocean. Done at Reykjavik Mar. 2, 1982. Entered into force Oct. 1, 1983. TIAS 10789.

Ratification deposited: Sweden, May 17, 1984.

Accession deposited: U.S.S.R. Sept. 11, 1986.

Protocol to amend the international convention of May 14, 1966, for the conservation of Atlantic tunas (TIAS 6767). Done at Paris July 10, 1984.³

Ratification deposited: U.S., Nov. 10, 1986.

Human Rights

International covenant on civil and political rights. Done at New York Dec. 16, 1966. Entered into force Mar. 23, 1976. 999 UNTS 111.¹

Ratification deposited: Philippines, Oct. 23, 1986.⁴

Judicial Procedure

Inter-American convention on letters rogatory. Done at Panama City Jan. 30, 1975. Entered into force Jan. 16, 1976.¹

Additional protocol to the Inter-American convention on letters rogatory, with annex. Done at Montevideo May 8, 1979. Entered into force June 14, 1980.¹

Instrument of ratification signed by President: Nov. 10, 1986.²

Convention on the civil aspects of international child abduction. Done at The Hague Oct. 25, 1980. Entered into force Dec. 1, 1983.¹

Instrument of ratification signed by President: Nov. 10, 1986.²

Signature: Australia, Oct. 29, 1986.

Ratifications deposited: Australia, Oct. 29, 1986;⁵ Luxembourg, Oct. 9, 1986.

Marine Pollution

Convention for the protection and development of the marine environment of the wider Caribbean region, with annex. Done at Cartagena Mar. 24, 1983.³

Protocol concerning cooperation in combating oil spills in the wider Caribbean region, with annex. Done at Cartagena Mar. 24, 1983.³

Accession deposited: Trinidad & Tobago, Jan. 24, 1986.

Ratifications deposited: France, Nov. 13, 1985;² U.K., Feb. 28, 1986.⁶

Maritime Matters

Amendments to the international convention on load lines, 1966 (TIAS 6629, 6720).

Adopted at London Nov. 17, 1983.³

Acceptance deposited: Cyprus, Oct. 14, 1986.

Nuclear Accidents

Convention on early notification of a nuclear accident. Done at Vienna Sept. 26, 1986. Entered into force Oct. 27, 1986.¹

Signatures: India, Dem. People's Rep. of Korea, Luxembourg, Sept. 29, 1986; Jordan, Mali, Paraguay, Oct. 2, 1986; Zaire, Sept. 30, 1986.

Convention on assistance in the case of a nuclear accident or radiological emergency. Done at Vienna Sept. 26, 1986.³ Signatures: India, Dem. People's Rep. of Korea, Jordan, Mali, Paraguay, Oct. 2, 1986; Zaire, Sept. 30, 1986.

Nuclear Test Ban

Treaty banning nuclear weapon tests in the atmosphere, in outer space, and under water. Done at Moscow Aug. 5, 1963. Entered into force Oct. 10, 1963. TIAS 5433. Ratification deposited: Argentina, Nov. 21, 1986.

Nuclear Weapons—Nonproliferation

Treaty on the nonproliferation of nuclear weapons. Done at Washington, London, and Moscow July 1, 1968. Entered into force Mar. 5, 1970. TIAS 6839. Ratification deposited: Trinidad & Tobago, Oct. 30, 1986.

Satellite Communications Systems

Convention on the International Maritime Satellite Organization (INMARSAT), with annex. Done at London Sept. 3, 1976. Entered into force July 16, 1979. TIAS 9605. Accession deposited: Indonesia, Oct. 9, 1986.⁴

Operating agreement on the International Maritime Satellite Organization (INMARSAT), with annex. Done at London Sept. 3, 1976. Entered into force July 16, 1979. TIAS 9605. Signature: Indonesia, Oct. 9, 1986.

Space

Treaty on principles governing the activities of states in the exploration and use of outer space, including the Moon and other celestial bodies. Done at Washington, London, and Moscow Jan. 27, 1967. Entered into force Oct. 10, 1967. TIAS 6347. Ratification deposited: Sri Lanka, Nov. 18, 1986.

Sugar

International sugar agreement, 1984, with annexes. Done at Geneva July 5, 1984. Entered into force provisionally Jan. 1, 1985; definitively Apr. 4, 1985.⁷ Ratification deposited: Panama, Oct. 29, 1986.

Telecommunications

International telecommunication convention, with annexes and protocols. Done at Nairobi Nov. 6, 1982. Entered into force Jan. 1, 1984; definitively for the U.S. Jan. 10, 1986. Ratifications deposited: Cyprus, Aug. 22, 1986; Nigeria, Aug. 26, 1986; Rwanda, Sept. 5, 1986; Sri Lanka, Sept. 1, 1986.

Trade

United Nations convention on contracts for the international sale of goods. Done at Vienna Apr. 11, 1980.³ Instrument of ratification signed by President: Nov. 10, 1986.⁴

Protocol extending the arrangement of Dec. 20, 1973, (TIAS 7840) regarding international trade in textiles. Done at Geneva July 31, 1986. Entered into force Aug. 1, 1986; for the U.S. Aug. 5, 1986.

Acceptances deposited: Austria, Sept. 16, 1986; Indonesia, Sept. 30, 1986; Korea, Oct. 9, 1986; Malaysia, Oct. 29, 1986; Norway, Oct. 27, 1986; Sweden, Sept. 20, 1986; Thailand, Oct. 16, 1986.

UN Industrial Development Organization (UNIDO)

Constitution of the United Nations Industrial Development Organization, with annexes. Done at Vienna Apr. 8, 1979. Entered into force June 21, 1985. Accession deposited: Bahamas, Nov. 13, 1986.

Women

Convention on the political rights of women. Done at New York Mar. 31, 1953. Entered into force July 5, 1954; for the U.S. July 7, 1976. TIAS 8289. Accessions deposited: Angola, Sept. 17, 1986; Colombia, Aug. 5, 1986.

BILATERAL**Canada**

Agreement on aviation security. Signed at Ottawa Nov. 21, 1986. Entered into force Nov. 21, 1986.

Agreement concerning the transboundary movement of hazardous waste. Signed at Ottawa Oct. 28, 1986. Entered into force Nov. 8, 1986.

China

Agreement for the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income, with protocol and exchange of notes. Signed at Beijing Apr. 30, 1984.

Protocol concerning the interpretation of paragraph 7 of the protocol to the agreement for the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income of Apr. 30, 1984. Signed at Beijing May 10, 1986. Entered into force: Nov. 21, 1986.

Agreement amending and extending the protocol of Oct. 17, 1981 (TIAS 10287), on cooperation in nuclear safety matters. Signed at Vienna Sept. 26, 1986. Entered into force Sept. 26, 1986; effective Oct. 17, 1986.

Denmark

Technical schedule setting forth defense areas pursuant to article II(3) of agreement of Apr. 27, 1951, (TIAS 2292) concerning the defense of Greenland. Effected by exchange of notes at Copenhagen Sept. 30, 1986. Entered into force Sept. 30, 1986.

Egypt

Grant agreement for commodity imports. Signed at Cairo Aug. 21, 1986. Entered into force Aug. 21, 1986.

Grant agreement for cash transfer. Signed at Cairo Aug. 27, 1986. Entered into force Aug. 27, 1986.

Sixth agreement to the program grant agreement of Aug. 29, 1982, (TIAS 10472), as amended, for decentralization sector support. Signed at Cairo June 19, 1986. Entered into force June 19, 1986.

Agreement amending agreement of Nov. 12, 1985, for the sale of agricultural commodities. Effected by exchange of notes at Cairo Sept. 21, 1986. Entered into force Sept. 21, 1986.

Agreement extending the agreement of Jan. 11, 1981, (TIAS 10066) relating to cooperation in science and technology. Signed at Cairo Nov. 9, 1986. Entered into force Nov. 9, 1986; effective Jan. 11, 1986.

El Salvador

Agreement amending agreement of Dec. 20, 1985, for the sale of agricultural commodities. Effected by exchange of notes at San Salvador June 27, 1986. Entered into force: Sept. 26, 1986.

Greece

Defense industrial cooperation agreement, with annexes and exchange of letters. Signed at Athens Nov. 10, 1986. Entered into force Nov. 10, 1986.

Guinea-Bissau

Agreement concerning the provision of training related to defense articles under the U.S. International Military Education and Training (IMET) Program. Effected by exchange of notes at Bissau Sept. 10 and Oct. 16, 1986. Entered into force Oct. 16, 1986.

Israel

Grant agreement to assist in balance-of-payments financing and budget support to promote economic and political stability. Signed at Washington Sept. 29, 1986. Entered into force Sept. 29, 1986.

Jamaica

Agreement amending the agreement of Jan. 15, 1986, as amended, for sale of agricultural commodities. Effected by exchange of notes at Kingston Sept. 24 and Oct. 8, 1986. Entered into force Oct. 8, 1986.

Korea

Agreement extending the agreement of Nov. 22, 1976, as extended (TIAS 8456, 10295), relating to scientific and technical cooperation. Effected by exchange of notes at Washington Nov. 4 and 6, 1986. Entered into force Nov. 6, 1986.

Agreement on mutual customs service assistance. Signed at Washington Nov. 3, 1986. Enters into force 90 days after the parties have notified each other that all necessary requirements for entry into force have been met.

PRESS RELEASES

Malaysia

Agreement amending agreement of July 1 and 11, 1985, as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Kuala Lumpur Oct. 14 and 25, 1986. Entered into force Oct. 25, 1986.

Mexico

Agreement of cooperation regarding the transboundary shipments of hazardous wastes and hazardous substances. Signed at Washington Nov. 12, 1986. Enters into force upon exchange of notes stating that each party has completed its necessary internal procedures.

Norway

Memorandum of understanding on the exchange of officers between the U.S. Marine Corps and the Norwegian Army. Signed at Oslo and Washington May 21 and July 3, 1986. Entered into force July 3, 1986.

Pakistan

Fifth amandatory agreement to the agreement of Apr. 13, 1982, (TIAS 10378) for agricultural commodities and equipment. Signed at Islamabad Sept. 25, 1986. Entered into force Sept. 25, 1986.

U.S.S.R.

Agreement extending the agreement of Nov. 26, 1976, as amended and extended (TIAS 8528, 10531, 10532, 10696), concerning fisheries off the coasts of the United States. Effected by exchange of notes at Washington May 16 and June 17, 1986. Entered into force: Oct. 31, 1986.

Agreement modifying the agreement of July 30, 1984, concerning diplomatic and other visas. Effected by exchange of notes at Washington Oct. 31, 1986. Entered into force Oct. 31, 1986.

Agreement relating to immunity of family members of consular officers and employees from criminal jurisdiction. Effected by exchange of notes at Washington Oct. 31, 1986. Entered into force Oct. 31, 1986.

United Kingdom

Agreement in the field of radioactive waste management technology. Signed at London Oct. 30, 1986. Entered into force Oct. 30, 1986.

Uruguay

Agreement concerning cooperation in highway technology. Signed at Washington June 18, 1986. Entered into force June 18, 1986.

¹Not in force for U.S.

²With reservation(s).

³Not in force.

⁴With declaration(s).

⁵Extends to legal system applicable only in Australian States mainland Territories.

⁶Extended to Cayman Islands and Turks and Caicos Islands.

⁷In force provisionally for U.S. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*236	11/3	Shultz, Perkins: remarks at swearing-in ceremony of U.S. Ambassador to South Africa Edward Perkins.
*237	11/3	Edward Joseph Perkins sworn in as Ambassador to South Africa (biographic data).
238	11/3	Shultz: address and question-and-answer session before the World Affairs Council, Los Angeles, Oct. 31.
239	11/3	Shultz: address and question-and-answer session before the Commonwealth Club, San Francisco, Oct. 31.
240	11/4	Shultz: address before the Locust Club, Philadelphia, Nov. 3.
*241	11/4	James Daniel Phillips sworn in as Ambassador to Burundi (biographic data).
*242	11/5	Elinor G. Constable sworn in as Ambassador to Kenya (biographic data).
243	11/6	Shultz: news conference, Vienna.

244	11/7	Shultz: address before the CSCE review meeting, Vienna, Nov. 5.
*245	11/7	Shultz: remarks at a reception for nongovernmental organizations, Vienna, Nov. 5.
*246	11/7	Armacost: remarks made on the return of former hostage David Jacobsen.
*247	11/7	James Wilson Rawlings sworn in as Ambassador to Zimbabwe, Nov. 6 (biographic data).
*248	11/12	Shultz, Cerezo: remarks following meeting, Guatemala City, Nov. 11.
249	11/12	Shultz: address before the OAS General Assembly, Guatemala City, Nov. 11.
250	11/18	Shultz: address and question-and-answer session before the International House of Chicago and <i>The Chicago Sun-Times</i> forum, Chicago, Nov. 17.
251	11/16	Shultz: interview on "Face the Nation."
*252	11/24	U.S. Government and private sector support ITU Center for Telecommunications Development.
253	11/26	Shultz: remarks at AID's 25th anniversary reception, Nov. 25.
254	11/24	Shultz, Clark: news conference, Ottawa, Nov. 21.

*Not printed in the BULLETIN. ■

USUN

Press releases may be obtained from the Public Affairs Office, U.S. Mission to the United Nations, 799 United Nations Plaza, New York, N.Y. 10017.

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*39	5/5	Reed: trade and development, Committee II.
*40	5/7	Wroblewski: narcotics, ECOSOC.
*41	5/8	Fleming: population, ECOSOC
*42	5/9	Byrne: social development, Committee II.
*43	5/12	Byrne: TTPI, Trusteeship Council.
*44	5/13	Reagan: women, ECOSOC.
*45	5/15	Chacon: American Samoa, Decolonization Committee.
*46	5/15	Byrne: trusteeship petitioners, Trusteeship Council.
*47	5/16	Walters: TTPI, Trusteeship Council.
*48	5/16	Bader: Guam, Decolonization Committee.
*49	5/19	Walters: human rights, Committee II.

*50	5/22	Reed: remarks to press before UNGA Special Session on the Critical Economic Situation in Africa.
*51	5/22	Okun: South Africa, Security Council.
*52	5/23	Okun: South Africa raids into Botswana, Security Council.
*53	5/23	Barthelemy: disarmament, Disarmament Commission.
*54	5/23	Byrne: South Africa, Security Council.
*55	5/23	Byrne: South Africa, Security Council.
*56	5/27	Brookner: U.S. Virgin Islands, Decolonization Committee.
*57	5/27	White House statement on opening of UNGA Special Session on the Critical Economic Situation in Africa.
58	5/28	Shultz: statement to the UNGA Special Session on the Critical Economic Situation in Africa.

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59	5/28	U.S. delegation to the UNGA Special Session on the Critical Economic Situation in Africa, May 27-31.	*87	8/14	USUN statement after vote on Puerto Rico in Decolonization Committee.	*116	10/16	Byrne: small territories, Committee IV.
*60	5/28	Shultz: remarks at reception in honor of U.S. delegation to the special session.	*88	9/11	Byrne: meeting of donors of humanitarian assistance to the Kampuchean people.	*117	10/17	Rosenstock: strengthening the role of the organization, Committee VI.
*61	5/29	Announcement by the U.S. African Development Foundation on signing an agreement of cooperation with the African Development Bank.	*89	9/16	Immerman: Libya, General Committee.	*118	10/17	Reed: external debt crisis and development, Committee II.
*62	6/1	McPherson: statement to UNGA Special Session on the Critical Economic Situation in Africa.	*90	9/16	Norris: external debt crisis and development, General Committee.	*119	10/20	Adelman: arms control, Committee I.
*63	6/4	Byrne: trusteeship, Trusteeship Council.	*91	9/20	Walters: Namibia, UNGA special session.	120	10/20	Walters: Cambodia, UN General Assembly.
*64	6/4	Lowell: space, Committee on the Peaceful Uses of Outer Space.	92	9/22	Reagan: address before 41st session of the UN General Assembly.	*121	10/20	Reed: condolence to people of Mozambique, UN General Assembly.
*65	6/4	Eskin: space, Committee on the Peaceful Uses of Outer Space.	*93	9/23	Walters: UNIFIL, Security Council.	*122	10/22	Reed: economic situation in Africa, UN General Assembly.
*66	6/5	Eskin: space, Committee on the Peaceful Uses of Outer Space.	*94	9/23	Reed: Angola, UN General Assembly.	123	10/22	Okun: arms control, Committee I.
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*68	6/10	Borek: space, Committee on the Peaceful Uses of Outer Space.	*96	10/1	Taylor: Cuba; UN General Assembly.	*125	10/22	Walters: Western Sahara, Committee IV.
*69	6/11	Eskin: space, Committee on the Peaceful Uses of Outer Space.	*97	10/6	Reed: economic development, Committee II.	*126	10/23	Byrne: social issues, Committee III.
*70	6/13	Okun: South Africa, Security Council.	*98	10/6	Taylor: terrorism, Puerto Rico, SDI, UN General Assembly.	*127	10/24	Reed: ECOSOC report, Committee II.
*71	6/16	Okun: South Africa, Security Council.	*99	10/9	Shearouse: conferences, Committee V.	*128	10/24	Reagan: women, Committee III.
*72	6/18	Okun: South Africa, Security Council.	*100	10/7	Byrne: multinational companies in non-self-governing territories, Committee IV.	*129	10/27	Gross: zone of peace and cooperation in the South Atlantic, UN General Assembly.
*73	6/25	Hottelet: information, Committee on Information.	*101	10/9	U.S. delegation to the 41st session of the UN General Assembly.	*130	10/27	Walters: Central America, Security Council.
*74	6/25	Hottelet: information, Committee on Information.	*102	10/8	Walters: Iran-Iraq war, Security Council.	*131	10/28	Walters: Nicaragua, Security Council.
*75	7/1	Byrne: trusteeship, Trusteeship Council.	*103	10/9	Clark: Report on the Effects of Atomic Radiation, Special Political Committee.	*132	10/29	Reed: trade and development, Committee II.
76	7/1	Walters: Nicaragua, Security Council.	*104	10/9	Walters: Libya, UN General Assembly.	*133	10/29	Okun: Israeli attack on Iraqi nuclear facilities, UN General Assembly.
*77	7/2	Walters: Nicaragua, Security Council.	*105	10/10	Okun: Nicaragua, UN General Assembly.	*134	[Not issued.]	
*78	7/3	Immerman: Nicaragua, Security Council.	*106	10/10	Walters: reappointment of the UN Secretary General, UN General Assembly.	*135	10/30	Okun: host country responsibilities, Committee on Relations with the Host Country.
*79	7/7	Jarrett: information, Committee on Information.	*107	10/13	Byrne: apartheid, Committee III.	*136	10/30	Clark: UNRWA, Special Political Committee.
*80	7/10	Walters: ECOSOC summer session, Geneva, July 8.	*108	10/13	Amselem: Vietnam, Committee III.	137	10/30	Lowitz: chemical weapons, Committee I.
*81	7/15	Orlando: transnational corporations, ECOSOC, Geneva, July 4.	*109	10/13	Rosenstock: non-use of force, Committee VI.	*138	10/30	Byrne: racial discrimination, Committee III.
*82	7/18	Byrne: UNIFIL, Security Council.	*110	10/15	Immerman: Israeli nuclear armament, UN General Assembly.	*139	10/31	Wroblewski: drug trafficking, Committee III.
*83	7/29	Walters: Nicaragua, Security Council.	*111	10/15	Yost: emergency assistance to El Salvador, UN General Assembly.	*140	11/4	Clark: UNRWA, Special Political Committee.
*84	7/30	Walters: Nicaragua, Security Council.	112	10/15	Walters: administrative and financial function, UN General Assembly.	141	11/3	Okun: ICJ judgment on Nicaragua, UN General Assembly.
*85	7/31	Walters: Libya, Nicaragua, Security Council.	*113	10/15	Clark: self-determination, Committee III.	142	11/4	Okun: Afghanistan, UN General Assembly.
*86	7/31	Walters: Nicaragua, Security Council.	*114	10/16	Clark: peacekeeping operations, Special Political Committee.	*143	11/5	Byrne: aging and disabled, Committee III.
			*115	10/17	Reed: food policy, Committee II.	*144	11/5	Gross: Law of the Sea, UN General Assembly.

*Not printed in the BULLETIN. ■

PUBLICATIONS

Department of State

Free single copies of the following Department of State publications are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

President Reagan

U.S. Initiative to Iran, TV address to the nation, Nov. 13, 1986 (Current Policy #890).

Secretary Shultz

Human Rights and Soviet-American Relations, World Affairs Council, Los Angeles, Oct. 31, 1986 (Current Policy #882).

Reykjavik: A Watershed in U.S.-Soviet Relations, Commonwealth Club, San Francisco, Oct. 31, 1986 (Current Policy #883).

Restoring the Foreign Affairs Budget, Locust Club, Philadelphia, Nov. 3, 1986 (Current Policy #884).

Promoting Inter-American Cooperation, OAS General Assembly, Guatemala City, Nov. 11, 1986 (Current Policy #891).

Pursuing the Promise of Helsinki, CSCE review meeting, Vienna, Nov. 5, 1986 (Current Policy #892).

Nuclear Weapons, Arms Control, and the Future of Deterrence, International House of Chicago and *The Chicago Sun-Times* forum, Chicago, Nov. 17, 1986 (Current Policy #893).

Africa

The Human Rights Dimension in Africa, Deputy Assistant Secretary Freeman, World Affairs Council, Philadelphia, Nov. 6, 1986 (Current Policy #888).

Sanctions Against South Africa (GIST, Nov. 1986).

Arms Control

Permitted and Prohibited Activities Under the ABM Treaty, Ambassador Nitze, International Law Weekend Group, New York City, Oct. 31, 1986 (Current Policy #886).

East Asia

The U.S. Approach to East Asia and the Pacific, Assistant Secretary Sigur, Pacific and Asian Affairs Council and the Pacific Forum conference, Honolulu, Oct. 29, 1986 (Current Policy #895).

Anti-Piracy in Southeast Asia (GIST, Nov. 1986).

Economics

U.S.-EC Relations and the International Trading System, Under Secretary Wallis, Society for International Affairs, Luxembourg, Oct. 8, 1986 (Current Policy #889).

General

U.S. Foreign Policy Achievements and Challenges, Under Secretary Armacost, State Department regional foreign policy conference, Salt Lake City, Oct. 18, 1986 (Current Policy #885).

U.S. Policy Toward the Third World, Under Secretary Armacost, National Third World Studies Conference, Omaha, Oct. 17, 1986 (Current Policy #894).

Recent Anti-American Forgeries, Nov. 1986 (Foreign Affairs Note).

Helping Americans to Understand the World: Some Proposals, Nov. 1986 (Public Information Series).

Nuclear Policy

International Prospects for Civil Nuclear Power in the Post-Chernobyl Era, Assistant Secretary Negroponte, Rotary Club, Detroit, Nov. 5, 1986 (Current Policy #887).

Refugees

Afghan Refugees in Pakistan (GIST, Nov. 1986).

Western Hemisphere

Guatemala's Transition Toward Democracy, Nov. 1986 (Public Information Series). ■

Current Documents Volume Released

The Department of State on October 2, 1986, released *American Foreign Policy: Current Documents, 1984*. The book is the most recent volume in an ongoing Department of State series.

Like earlier volumes in the series, this book represents official public expressions of policy that best set forth the goals and objectives of U.S. foreign policy. Included are the texts of major official messages, addresses, statements, interviews, press conferences and briefings, reports, congressional testimony, and communications by the White House, the Department of State, and other Federal agencies or officials involved in the foreign policy process. The volume contains 1,174 pages arranged chronologically within 15 geographic and topical chapters, and includes a list of documents, editorial annotations, maps, a list of names and abbreviations, and an index.

The volume covers the fourth year of the Reagan Administration. It presents the major statements by President Reagan, the Secretary of State, and other government leaders setting forth the most important general principles of American foreign policy in 1984. Policy statements are included on national security policy, arms control, foreign economic policy, terrorism, the role of the United States in the United Nations, the approach to human rights around the world, the concern with refugees, and the law of the sea. The volume also presents expressions of U.S. policy on regional and bilateral aspects of American foreign relations in 1984.

The *American Foreign Policy* documentary series began in 1950. Following the publication of three volumes covering the 1941 to 1955 years, annual volumes entitled *American Foreign Policy: Current Documents* were issued for the years 1956-1967. After an interruption the series was resumed with the publication in August 1983 of *American Foreign Policy: Basic Documents, 1977-1980*. The annual volumes were revived with the publication of *American Foreign Policy: Current Documents, 1981*. The 1982 and 1983 annual volumes have also been published. It is the Department's intention to publish the annual volume for 1985 later this year.

The Department, which released a microfiche supplement to the 1981 printed volume in February 1985, also plans to publish microfiche supplements to the later printed volumes in the series. These microfiche publications will include the full texts of many documents printed only in part in the printed volumes and will also reproduce a much larger and more complete selection of documents than appear in the books.

American Foreign Policy: Current Documents, 1984 was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies of this volume (Department of State Publication No. 9462; GPO Stock No. 044-000-02087-4) may be purchased for \$37.00 (domestic prepaid) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Checks or money orders should be made payable to the Superintendent of Documents.

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THE DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service.

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Afghanistan: Seven Years of Soviet Occupation

The following report was prepared by Craig Karp, Afghanistan analyst, with the assistance of other analysts in the Bureau of Intelligence and Research and Department officials. It is part of an annual series of Special Reports on the situation in Afghanistan.

Summary

The war in Afghanistan remains a stand-off, but military activity has increased on both sides. Combat was more diffuse and unpredictable. During the past year, the *mujahidin* brought the war increasingly to Afghanistan's major cities, particularly the capital, Kabul, and north of the Hindu Kush mountain range.

Afghan resistance activities were widespread, with operations in nearly all parts of the country. The *mujahidin* continue to improve their arms and training and to develop more effective forms of cooperation and coordination. They demonstrated an improved capability to blunt Democratic Republic of Afghanistan (DRA) and Soviet operations, and they made major advances in air defense with the increasing use of surface-to-air missiles. Resistance alliance spokesmen brought their cause to several countries, including the United States, and to Islamic and international organizations.

Soviet military forces focused more on small-unit operations and air attacks and no longer relied on massive valley sweep operations. Efforts to strengthen their allies in the DRA came to nought; the regime's forces remain largely crippled by low morale, desertion, and intraparty factionalism. Instead of risking the lives of Soviet troops, the Soviet 40th Army used more firepower, from both artillery and aircraft, sometimes with devastating effect.

Politically, the Soviets have adopted a public posture designed to suggest greater flexibility than heretofore, focusing on their willingness to withdraw but insisting on too long a timeframe. In July 1986, at Vladivostok, Soviet leader Gorbachev promised to withdraw six regiments from Afghanistan in order to provide a "stimulus" for a political settlement. In fact, two of the six regiments (and part of a third) that were

withdrawn in October had arrived in Afghanistan *after* the Vladivostok speech. The newly introduced units were the only relevant combat units in the withdrawal plan. To avoid even a minor degradation of their military position, the Soviets apparently brought in these units solely for the purpose of withdrawing them.

In Kabul, Babrak Karmal was replaced as Soviet-backed ruler of Afghanistan by the former head of the secret police, Najibullah. The switch in party leadership, in May, was the most important change in the Kabul regime since 1979.

In November, Karmal lost his last senior post as ceremonial head of state. He was replaced by a nonparty member as part of the regime's campaign to suggest a broadened base. Karmal's ouster and purges of his followers led to complicated factional differences within the ruling People's Democratic Party of Afghanistan (PDPA).

The Soviet occupation has devastated the countryside. Although refugee outflow is reduced, the new refugees appear to have suffered more than those who left earlier. The Soviets have stepped up reprisal attacks on civilians. The Kabul regime has consistently violated the human rights of Afghan citizens through indiscriminate imprisonment, torture, and other abuses. The Kabul regime and the Soviets have been condemned for these abuses by independent international organizations and the UN Human Rights Commission.

Pakistan remains stalwart in its support of the Afghan people, despite a stepped-up Soviet/DRA campaign of sabotage and subversion in the border areas. Air violations of Pakistani territory tripled; artillery shellings increased approximately fivefold. Pakistan has worked for a solution to the crisis through UN-sponsored talks at Geneva. There were indications of



(British Information Services)

An Afghan guerrilla stands guard on a Soviet helicopter shot down in the Panjsher Valley.

increased support for the Afghan people from Iran.

In November, the United Nations voted 122 to 20, with 11 abstentions, to condemn, for the eighth time since 1979, the presence of foreign forces in Afghanistan and demand the return of that country to an independent and nonaligned status. Absent a settlement, the United States remains committed to the Afghan cause.

Outlook: Given current trends, the stalemate is likely to continue, and violence will escalate. The Soviets will remain unable to consolidate their political or military position and will find it increasingly threatened. But they will continue to project an international image of flexibility, while looking to invest their client regime with as much political legitimacy as possible. The *mujahidin* resistance will remain steadfast, however; they are prepared to fight on for a decade and more.

Military Activity

The level of fighting fluctuated widely in 1986, not always in accord with normal seasonal patterns. Combat remained at higher than usual levels throughout the winter. In April it was twice that of last year. The pace then slowed, without the massive late spring Soviet combat operations of previous years. Traditionally heavy *mujahidin* activity in the summer also was delayed this year. This lag was due in part to a late thaw in the crucial



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mountain passes and Soviet/DRA pressure on supply caravans. Fighting soared to historic seasonal levels as 1986 drew to a close.

Despite increased emphasis on disrupting resistance lines of communication, Soviet and regime forces were able to capture only a fraction of resistance supplies. The amount lost to interdiction grew, complicating movement and contributing to a rise in transport costs. However, there has been an increase in the overall volume of weapons and equipment available to the fighters. Soviet and regime attacks on convoys have concentrated on the pack animals used to transport supplies across the passes of eastern Afghanistan.

Resistance ability to ambush Soviet/DRA convoys also increased along with the acquisition of more heavy weapons and improved demolition capabilities. Throughout the country, the *mujahidin* knocked out bridges, shut down stretches of road, and caused long diversions. The road system, the Soviet logistical lifeline, has been severely battered.

The War of the Cities

Despite significant Soviet/DRA efforts to improve control, the *mujahidin* in 1986 brought the war to Afghanistan's major cities. In the smaller provincial capitals, the regime continues to maintain daytime control but has little sway over the surrounding areas. In Kabul, the illusion of increasing urban security fostered over the past few years has been shattered.

Herat. Combat in and around Herat was intense all year. Initiative and control passed from one side to the other. Herat *mujahidin* continue to operate jointly under the command of Ismail Khan and Allahuddin Khan of the *Jamiat-i-Islami* party. In house-to-house fighting, they have occasionally been on the brink of overwhelming regime forces and taking complete control of the town.

Each time, the Soviets and their Afghan allies struck back with massive force, including artillery and air attacks. Destruction may have been worse in Herat than in any other city; Soviet bombardments have seriously damaged centuries-old, internationally renowned

monuments. In February, Herat's large Shia district was leveled in retaliation for a resistance attack. DRA forces refused to enter the district, while the *mujahidin* fought on in the rubble.

During the summer, the *mujahidin* reportedly controlled some 90% of the old city and 50% of the new. Soviet and DRA forces launched several operations, including one with nearly 10,000 men, to reoccupy the city. In October, foreign journalists attending "withdrawal" ceremonies at nearby Shindand had to be brought into and out of Herat by

hours at midday; the city closes down completely by midafternoon.

The Soviets enjoyed some short-term success in the Qandahar region. The *Spetsnaz* regularly ambushed caravans and attacked local resistance bases. In the early spring, a huge Soviet force was dispatched to Qandahar from Kabul. Although able to reassert control in town only briefly before returning north, it did establish a network of outposts and minefields similar to those around Kabul. Manned chiefly by Afghans, the security belt has complicated but not

After 7 years of brutal occupation, the Soviet Union has failed to consolidate its rule over Afghanistan. In 1986, the Soviets were forced to revise drastically their military tactics and replace the ruler they installed in 1979. The resistance grew stronger and retained overwhelming support in Afghanistan, among Afghan refugees, and in international forums.

armored personnel carrier. The Soviets informed them it was unsafe to spend the night.

Detailed information on the rest of western Afghanistan is sketchy, but combat activity was reported in every province. Coordination may have increased after the designation of Ismail Khan as regional *Jamiat* commander for several western provinces.

Qandahar. In Qandahar, too, fighting raged throughout the year and, at times, control of the city and surrounding areas was in dispute. Qandahar's bazaars are open only a few

prevented movement in and out of the city. The outposts have provided enticing targets for the *mujahidin*.

The regime made some political advances with local tribes and villages. Ruling party officials, including politburo member Nur Ahmed Nur, offered money and weapons to tribal chieftains for their cooperation. By exploiting local rivalries, Kabul may have gained temporary support.

Asmatullah Achekzai, the resistance commander who defected to the regime last year, has become something of a local warlord. He lives under regime protection behind the governor's house in

Qandahar. Asmatullah's tribal militia, operating south to Spin Buldak, attacked tribal rivals in the resistance, *mujahidin* supply lines, and occasionally even regime targets.

Combat escalated in late summer and early fall. In late August, the *mujahidin* forced abandonment of the central police station. On September 1, the main telephone exchange was attacked and communications cut. Later that week, the radio station was damaged by a rocket, and the Central Bank was hit. Soviet/DRA control was limited to the airport and a single garrison in the city. The highway linking the two points, usually in regime hands, reportedly passed under *mujahidin* control. The Soviets counterattacked, but the *mujahidin* lay low, fearing reprisals. Still, casualties evidently were heavy, particularly among farmers, perhaps because the latter were reluctant to hand over recently harvested grain to the regime.

The persistent resistance challenge to the capital of southern Afghanistan stems from a high degree of cooperation, proximity to supplies, and strong local support. The local resistance council includes the seven Peshawar-based organizations (most have active fronts in the area), parties not included in the alliance (e.g., the *Harakat-Islami* of Ayatollah Mohseni), and independent groups. The council has assumed new functions, both political and military, and has not been hampered by internal squabbles. There are several important local commanders, like Mullah Malang or Haji Latif of the National Islamic Front (*Mahaz-e-Milli* party), but no individual is dominant.

Kabul and Surrounding Areas. Stability and security in the Afghan capital are a key Soviet goal. The Soviets strengthened the security perimeter around the city this year and attempted to extend it to counter the growing long-range weapons capabilities of the *mujahidin*. The Soviets continued to fire indiscriminately on nearby areas suspected of harboring the *mujahidin*. Even deserted villages north of the city were harassed nightly.

Soviet troops behave like an occupying force. Many Kabul shopowners grumble privately about frequent shoplifting by Soviet civilians and troops. Drunken Soviet soldiers regularly broke into homes and threatened the inhabitants. The Soviets appear to treat their Afghan allies with equal disdain.

Although there was some *mujahidin* activity all year, resistance pressure peaked later than in previous years. At times, particularly in midwinter, there has been a deceptive appearance of normalcy in the capital. The bazaars are filled with many items, including videotapes, not commonly available in the U.S.S.R. Visitors note a surprising number of Mercedes and new Toyotas. But Kabul residents were reminded of the proximity of war by the constant drone of aircraft. Both planes and helicopters eject an increasing number of flares (as many as 50-60 on takeoff or landing) to protect against heat-seeking missiles.

During the first half of the year, the resistance made its impact felt primarily through rocket attacks (especially on such occasions as the sixth anniversary

of the Soviet invasion). In late January, the *mujahidin* fired 122mm rockets at the Soviet Embassy; on January 31, a 122mm damaged the U.S. Embassy compound.

By midsummer, the war intensified for the regime and the Soviets in Kabul. Repeated rocket barrages and periodic firefights followed *mujahidin* penetration of the heavily fortified security belt. As in past years, the Soviet Embassy and Soviet and Afghan military installations were rocketed. In July, a rocket heavily damaged the Polish Embassy.

The resistance periodically rocketed the DRA's 8th Division supply base at Qarghah, on the outskirts of Kabul. On the night of August 26-27, a direct hit set off a 2-hour series of explosions that shook the city. A giant fireball at midnight (possibly rockets or missiles stored at the site) produced a cloud more than 1,000 feet high. The explosions, visible all over the capital, were compared to an erupting volcano. Despite regime claims of "no human losses," as many as 100 were reported killed and perhaps several thousand injured. The Soviets responded quickly by firing on the launch area



Commander Mahsud teaches military tactics.

(British Information Services)



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An Afghan guerrilla keeps his RPG-7 antitank grenade launcher ready.



(UPI)

(retaliation came later), but were unable to catch the attackers. Despite intensified security, within 3 days the *mujahidin* resumed rocketing of the capital. Although the Soviets can replace the destroyed supplies, the loss of one of the DRA's largest depots was a blow to the regime's prestige.

In late September, the fragility of Kabul's security was brought home to senior Soviet leadership. First Deputy Chairman of the U.S.S.R. Council of Ministers Murakhovskiy was buffeted by an explosion at the Soviet Embassy, perhaps a car bomb, just before a scheduled meeting with Najibullah. The highest-ranking civilian Soviet to visit Kabul in recent years, Murakhovskiy reportedly is close to General Secretary Gorbachev, whom he replaced as Stavropol party chief.

The outskirts of Kabul were again the scene of heavy fighting over the past year. Soviet and regime forces were forced to return continually to areas pronounced safe and free of *mujahidin*. Area commanders, like Abdul Haq of *Hezb-e-Islami* (Khalis) party, have worked to increase coordination and pressure on the regime.

The **Lowgar Valley**, 40 miles south of Kabul, has been emptied of much of its population due to the severity of the fighting. The Kabul-Gardez road, which runs through the province, is often cut. In August, there was heavy fighting between a Soviet/DRA force and *Hezb-e-Islami* fighters under Gulbuddin Hekmatyar. Gulbuddin's men apparently shot down several helicopters, a clear indication of a more potent resistance air defense. In nearby Sarowbi, a *Hezb-e-Islami* (Khalis) group bombed hydroelectric installations, disrupting the capital's power supply.

Foreigners can still picnic on weekends or play the world's most embattled golf course on the road to **Paghman**, in the mountains just outside of Kabul. Visitors have at times remarked on the apparent calm; yet beginning in the spring, regime and Soviet military forces struck Paghman nearly every month. Many villages have been leveled by air strikes and artillery. For much of the summer, shelling was audible and visible as far away as Kabul.

The largest Soviet/DRA operation in Paghman took place in September, targeted against the *mujahidin* who rocketed the Qarghah ammo dump. It marked the beginning of a significant combat role for DRA Interior Ministry troops (*Sarandoy*), whom Interior Minister and Khalq chief Gulabzoi reportedly led personally into battle.

Further north, the **Shomali** suffered from a recurring cycle of resistance and reprisal. Early in the year, numbers of children injured in a Soviet/DRA bombardment of Estalif were brought to the Kabul children's hospital. In early October, another brutal Soviet/DRA campaign devastated civilian areas and destroyed livestock and crops. This time the regime attempted to stop refugees from fleeing to Kabul.

Mujahidin interdicted traffic along the Salang highway from the U.S.S.R. throughout the year. Even the major Soviet air base at Bagram, 50 kilometers north of Kabul, came under fire several times. In July, a large ammunition store at Bagram blew up.

Panjsher and North Afghanistan

Commander Ahmed Shah Mahsud of the *Jamiat-i-Islami* still leads the sole resistance organization in the Panjsher Valley. Although the Panjsher organization was active outside the valley, no major battles occurred within the Panjsher itself. Most *mujahidin* remaining in the valley are camped in its upper reaches, from which they periodically attacked regime outposts and convoys. In the winter, the Soviets attempted to expand their area of control but were turned back. They occasionally launched heliborne assaults on *mujahidin* positions, with little success.

Panjsher is divided into 22 base areas (*karargas*). Each base is responsible for political and civil as well as military affairs in its area. Only a few Panjsheris have fled to Pakistan. In the Soviet/regime-occupied lower valley, the population is comprised mostly of women, children, and the elderly.

Mahsud Moves North. In one of the most significant developments of the conflict, *mujahidin* cooperation expanded out of the Panjsher Valley to the north of the Hindu Kush. For perhaps the first time since the Soviet invasion, a resistance organization played a major role in a large-scale assault outside its home base area. Mahsud has begun to build institutions whose reach extends not only beyond his valley but also across geographical barriers and even party lines.

These organizational efforts began during the year-long cease-fire preceding 1984's massive seventh Soviet offensive in the Panjsher. While focusing his efforts on fellow members of the *Jamiat-i-Islami* party—mostly ethnic Tajiks—Mahsud also aimed at winning cooperation from other parties and ethnic groups. Mahsud initially offered to assist local commanders to consolidate their own base areas. He also provided staff training—stressing the benefits of cooperation—to mid-level commanders, some from other parties or distant fighting groups.

In early 1985, the Council of the North was established, involving commanders from Baghlan, Konduz, Takhar, and parts of Badakhshan. They were encouraged to form local councils and work on civil as well as military affairs.



Council members agreed to provide volunteers for central units—professionalized forces proposed by Mahsud to be the core of a mobile regional guerrilla force.

These efforts began to bear fruit in 1986. In March a multiparty force blunted a Soviet drive along the Konduz-Faizabad highway. In mid-June, taking advantage of Ramadan, the Soviets undertook a large operation to counter the growing local threat and to supply garrisons. They attacked *mujahidin* bases around Khanabad and Eshkamesh. Soviet/regime forces reportedly killed and wounded hundreds of civilians, burned local crops, and damaged irrigation canals in Takhar. Soviet artillery units later moved to target the proliferating *mujahidin* bases in the area. Both operations were strongly opposed by local *mujahidin* and men from Mazar-e-Sharif, Konduz, and mobile

groups from the Panjsher. The Soviets were unable to disrupt evolving resistance plans.

Capture of Farkhar. On August 17, the joint resistance forces went on the offensive. A multipronged assault on the DRA garrison of Farkhar was carefully planned; the *Jamiat* commander from Takhar, Abdul Wadud, assisted by a commander from Panjsher, led the attack. By early next morning, half the garrison was captured, the remainder of the DRA forces were overwhelmed the following day. There were more than 100 DRA casualties at Farkhar. More than 200 were captured, along with nearly 100 tons of supplies and ordnance. Resistance casualties were relatively light but included an important local commander. The fall of Farkhar, in a well-planned assault involving trained forces from six districts in four provinces, was a major strategic advance for the resistance.



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Eastern Afghanistan

The eastern provinces, particularly near the Pakistani border and the major roads, remain a primary theater of combat. Soviet efforts to interdict resistance supply are focused there. A 50-mile strip along the frontier continues to suffer devastation and depopulation. The regime expanded its border forces and established more posts; more posts were attacked and taken by the *mujahidin*. The Konar Valley, scene of a major Soviet push last year, was relatively quiet, although Barikowt and at times all Soviet/DRA posts in the valley were under siege. Combat centered on key provinces, Nangarhar and Paktia.

Nangarhar Province juts down the Kabul river valley toward Pakistan before ending at the foot of the Khyber Pass. It carries the major road link between the two countries, and considerable commercial traffic moves in both directions.

The provincial capital, Jalalabad, remains securely in regime hands but occasionally was hit by rockets. In 1986, there were more small arms firefights in the city, nighttime fighting, and outgoing Soviet/regime artillery fire. In the fall, *mujahidin* employed surface-to-air missiles to knock down regime aircraft landing at Jalalabad airport, and air operations were suspended.

Early in the year, the strategic Nazian Valley, which leads to the Khyber Pass, was the scene of a major effort to prove that regime forces could operate effectively on their own. After initial setbacks, DRA units secured control of the valley and established a number of posts near the foot of the Khyber. After the withdrawal of the main Afghan force, however, the *mujahidin* attacked troops left behind and forced most of them out. The regime could not reestablish control and by late November had to mount another offensive in the area.

Paktia Province. Both sides were active throughout the year in Paktia, which sits astride important resistance supply routes. The regime can move only with difficulty, if at all, on most of the provincial roads. Ali Khayl (Jaji) was harassed for much of the year, particularly by the *Ittihadia* party of Sayyaf. The main DRA garrison in east Paktia, at Khowst, must still be supplied by air.

Central Afghanistan

A coalition of pro-Iranian Shia groups, including Nasr and Sepah-e Pasdaran, now controls the Hazarajat. It remains the major recipient of the limited Iranian support in Afghanistan. Given the absence of regime or Soviet presence and its relative impenetrability, the Hazarajat is of strategic importance as a refuge for the resistance. The Hazara Shia obtain a significant part of their arms from other resistance groups, in return for protection of supply routes. In 1986, pro-Iranian groups were reported active for the first time against the minimal regime presence in the mountains and outside the Hazarajat, in the north. West of the Hazara heartland, in Ghor, there was an upswing in resistance activity.

North Central and Northwestern Afghanistan. Further west, in the northern flatlands bordering the Soviet Union, Soviet/regime control remained tighter than in the rest of the country. Nevertheless, resistance forces harassed the regime throughout the north. The petroleum pipelines from the U.S.S.R. remain a favorite target. In the fall, action escalated in Andkhvoy and Maimana, near the Soviet border.

In early April, as fighting escalated, Afghan forces launched a combined ground and heliborne assault on a major resistance base, Zhawar Fort, about 10 kilometers from the Pakistan border. The base was an especially inviting target because it had been described in Western press stories, complete with detailed descriptions and photos, as an impregnable redoubt.

Hezb-e-Islami (Khalis) Commander Jalaluddin Haqqani suffered severe napalm burns in an initial airstrike but stayed on to lead his men. Instead of retreating, the *mujahidin* defended Zhawar. Government troops, numbering at least 1,000, moved steadily forward, suffering heavy casualties, including several aircraft. One of the regime's best commando units was decimated during a parachute landing.

Resistance forces from Paktia and elsewhere moved to help but were slowed down by artillery barrages. Violations of Pakistani airspace associated with the Zhawar battle were unprecedented. Two weeks after the fighting began, the *mujahidin* withdrew, and regime forces entered the camp. Many *mujahidin* casualties were suffered in the evacuation, when they had no protection from airstrikes. After carting away or destroying considerable supplies, the Afghan Army pulled out. Within a week the *mujahidin* were back. This costly but temporary setback may have discouraged further use of large supply bases, which, like Zhawar, will always be vulnerable to Soviet firepower.

The Afghan Resistance

Seven major resistance parties headquartered in Peshawar, Pakistan, are joined in an alliance and have promoted the international political dimension of the resistance. Smaller groupings of various ethnic, tribal, religious, and political affiliations, including leftists, also exist. A Kabul regime amnesty announced on the anniversary of the coup specifically exempted "Maoists." Parties representing the Shia minority tend to be based in Quetta, Pakistan, and in Iran. Most, but not all, of the hundreds of separate fighting groups are linked to one or more of the major parties.

The alliance in Peshawar has now been in existence for 18 months. The spokespersonship has successfully rotated, more or less on a 3-month schedule, through six of the party leaders: Yunus Khalis (*Hezb-e-Islami* Khalis faction); Gulbuddin Hekmatyar (*Hezb-e-Islami*); Burhanuddin Rabbani (*Jamiat-i-Islami*); Sibghatullah Mojaddedi (*Jebh-e-Najat-i-Milli*); Pir Sayyid Ahmad Gailani (*Mahaz-e-Milli*); and Nabi Mohammedi (*Harakat-e-Inqelab*). The seventh, Abdul Rasool Sayyaf (*Ittihadia-Islami*), is due to serve as representative in early 1987.

The alliance is governed by a council of party leaders. Alliance committees have begun to work on education and social services and coordinate outside humanitarian assistance. The seven parties continued to differ on current tactics and Afghanistan's future.

Military Developments. The resistance is increasingly better armed, trained, and organized, although shortcomings continue, and there are notable differences in military capabilities among the various resistance groups. *Mujahidin* air defense capabilities improved considerably in 1986. The Dashaka (Soviet DShK 12.7mm heavy machinegun) remains the mainstay of resistance air defense. In 1986, the resistance used heavier air defense guns. The *mujahidin* also made greater use of rocket-propelled grenades (RPGs) and surface-to-air missiles (SAMs) of various types. More sophisticated weapons were effective against the full range of aircraft employed by the Soviets and the DRA. Helicopter downings reportedly increased, although it is difficult to estimate exact losses.

Mujahidin supplies have grown considerably over the past few years and include a variety of heavy weapons, including surface-to-surface rockets. Although the rapid development of the logistic net is one of the truly remarkable accomplishments of the resistance, the increase in supplies has created problems relating to movement and storage. Nevertheless, the improved supply situation has contributed to greater cooperation and coordination. A loosening of supply constraints has removed a major cause of squabbling—arms. Some groups now devote resources to improving and protecting

supply routes in their territory that are used by other groups further inside the country.

Cooperation also has been stimulated by local residents tired of intra-resistance squabbles. Groups have loaned their heavy weapons to others. On several occasions when a group came under heavy attack, calls went out for support or diversionary actions. Other groups responded, sometimes from far away and across party lines. During spring fighting on the eastern borders, many commanders helped each other. Mahsud sent men and materiel from the Panjsher. Rabbani's call for action to divert Soviet attention from Herat was answered by an increase in activity countrywide. This is a far cry from the spontaneous and widespread, but uncoordinated and often fractious, opposition to the 1978 Marxist coup.

Regional institutions for coordination are evolving, sometimes involving a single party as in the Council of the North (planned to include parties other than the *Jamiat*); sometimes several parties, as in Herat; sometimes all the groups, such as the Qandahar Council, reportedly chaired by a respected figure without ties to any party. Although still in a preliminary stage, the building of transprovincial (and potentially, multiparty) organizations is unprecedented.

As a result of these developments, morale is high, and *mujahidin* and civilians alike reveal little war weariness. Most people view the conflict as an acceptable burden that has become part of their lives. Most areas subject to retaliatory attacks are already vacated. The civilian population still overwhelmingly supports the resistance. There is little support for political accommodation with the regime, whether inside the country or among the vast majority in the refugee camps, most of whom have relatives in the resistance. There is no shortage of young recruits.

International Achievements. The alliance has made major strides in presenting the Afghan case to the world. In January, spokesman Sayed Ahmed Gailani traveled to Fez, Morocco, for the 16th foreign ministers session of the Islamic Conference Organization. In June, a delegation led by spokesman



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Burhanuddin Rabbani came to the United States. They were received by President Reagan and other U.S. officials and Members of Congress.

On its return trip, the delegation visited France and met with Prime Minister Chirac and Foreign Minister Raimond. The visit resulted in the July 17 announcement by the French Government that for the first time France would grant public humanitarian assistance to the Afghan people. King Fahd of Saudi Arabia subsequently received alliance spokesman Rabbani.

In November, spokesman Mohammed Nabi Mohammedi led a delegation to the United Nations during the General Assembly's consideration of the Afghanistan resolution (see "Refugees"). This followed an initial visit to the United Nations in 1985 by an alliance delegation led by spokesman Hekmatyar. En route to a UN press conference with the UN Correspondents Association, delegation members were accosted and assaulted by some staff of the DRA Permanent Mission to the United Nations. The alliance's hosts at the United Nations, Pakistan and Saudi Arabia, formally protested this misconduct. The United States later urged the United Nations to take effective measures to prevent any repetition.

The DRA Military

After decades of Soviet training, 8 years of combat, and 7 years of Soviet "advice" and direction, Afghan armed forces remain incapable of defending the regime. The DRA apparently was under heavy pressure to improve its military capabilities this year. Its inability to make significant gains was a major factor in the Soviet decision to replace Babrak Karmal, but its performance has not improved under Najibullah.

At present there are about 30,000 in the army, and perhaps 10,000 in the air force. The regime employs an equal number of paramilitary border guards, police troops, secret police, and various militias, but total strength is insufficient to curb the resistance.

With the support of Soviet advisers and firepower, and the benefit of intelligence provided by local tribesmen or villagers, a few specialized DRA units have at times been able to hold their

own. Early in the year, some elements fought fairly well in Nangarhar and Paktia. But these gains proved transitory.

Morale problems and factional infighting remain serious. Government forces (often at the highest levels) are filled with resistance sympathizers, who provide valuable intelligence and some arms to the *mujahidin*. Truces between garrisons and local *mujahidin* are not unusual.

Conscription and Desertion. The familiar DRA press gangs were inten-

sified and exemptions tightened in order to meet the goal of an expanded military. In March, Kabul school teachers lost their exemptions and were told to report. Students living abroad were drafted as soon as they returned to Afghanistan; others were required to show proof of service before going abroad to study or gaining admission to the university. One reported dragnet picked up graduating high school students before they could flee the country. A May "amnesty" decree for army deserters and others who had evaded



(British Information Services)

Commander Jalaluddin Haqqani on a captured Soviet tank.

service apparently has yielded few results.

When Najibullah came into power, he intensified the conscription campaign, extended it to party members, and lashed out at those who avoid military service by "hiding under the wings of influential relatives." The drive has probably alienated many of the regime's supporters.

Enhanced conscription has only resulted in increased desertion. Indeed, desertion rates may have worsened over the past year. Eight years into the war, whole units still decamp enmasse from time to time. High-level officers (many with a record of cooperating with the *mujahidin*) continue to desert. In the summer, the deputy commander of Paktia Province, Colonel Hashmatullah, defected, then immediately after a press conference in Pakistan returned to fight against the regime. In October an Afghan pilot flew his MiG-21 to Pakistan.

Paramilitary Forces. Regime efforts to mobilize additional support from the paramilitary forces have made some progress. These locally recruited, lightly armed troops, who man many border posts, although disinclined to battle the *mujahidin*, may provide the regime or the Soviets with useful intelligence.

Militia. The regime also has had some success in expanding militias. Most worker, party, female, or other urban militias have had little effect. Tribal militias operate under the Ministry of Tribes and Nationalities. This year some have been more willing to fight local *mujahidin*, often their clan or tribal rivals. The militias were increasingly integrated into joint operations with Soviet and regular army troops but probably have little utility outside home areas.

The tribes are fickle, and often remain on the regime payroll only for the winter months. In December 1985, the regime recruited 400 Hazaras near Ghazni and stationed them with an army brigade. The Hazaras joined the *mujahidin* and attacked the brigade, bringing along many deserters. The regime had to bring two other brigades in to restore order. Later in the winter, a group of young Afridis were trained as militia in the Nazian Valley, near the

Pakistan border. They turned on their advisers the first time they were used in combat and caught them in a crossfire with the *mujahidin*. The Afridis then escaped over the border.

Police. Many of the DRA's fewer than 20,000 police have been turned into a light infantry force, the *Sarandoy*. They were increasingly active in the closing months of 1986, especially in joint operations with the Soviets. Under the control of Khalq faction chief and Interior Minister Sayed Mohammed Gulabzoi, the *Sarandoy* is an independent Khalq force, led by Khalq ex-army officers and subject to the same pattern of conscription and desertion as the army. There were continued reports of *Sarandoy* fighting against forces loyal to the ruling Parcham faction.

The Secret Police (KHAD, WAD). In January, KHAD (the Dari acronym for State Information Services) was promoted to the Ministry for State Security (Dari acronym: WAD), but it is still generally known by its former title. Like the Soviet KGB, the ministry also has its own combat units.

The change of name and status of the secret police has not changed its methods or reputation as a brutal organization. Human rights groups amply document its use of torture. The ministry has a major hand in the subversion campaign against Pakistan. Yet

even the secret police have factional problems; pro-Babrak employees are in an excellent position to cause trouble for Najibullah and the Soviets.

The Soviets in Afghanistan

The Soviet Union evidently believes that in the long run its objectives in Afghanistan can be ensured by military means, augmented—but not replaced—by political tactics. Soviet military operations are designed to destroy the *mujahidin* and to gain time and acceptability for the "revolutionary" regime in Kabul.

Reporting to the Soviet Party Congress in February 1986, Gorbachev described Afghanistan in terms of Soviet border security. Soviet policy is calculated to win domestic and international credibility for the Kabul regime and to curtail the support the *mujahidin* have received from Pakistan and other countries. Moscow became more involved than ever before in manipulating Afghan domestic politics, but achieved little success.

Military Developments. In 1986, the Soviets continued to adjust their numbers, weapons, and tactics to counter the greater capabilities of the *mujahidin* and compensate for the DRA's limited military effectiveness. Only a few thousand underutilized troops



Afghan Army deserters who have joined the resistance.



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left during a much-publicized "withdrawal," not as many as Gorbachev promised or as claimed by the Soviets (see p. 12).

Soviet combat forces are roughly the same in number as last year. According to the most recent estimates, there are about 118,000 Soviet troops in the country, supported by some 30,000 additional troops in the Soviet Union.

In 1986, the Soviets drastically revised their military tactics in Afghanistan. In the past, large valley sweep operations using tanks and armored personnel carriers and up to 10,000 troops were the centerpiece of the Soviet effort. Now Soviet operations are smaller scale, more focused, and often employ heliborne assaults. Some Soviet units were more active and aggressive, concentrating on the border areas, resistance supply lines and, when they could be found, stockpiles and bases. Most Soviet troops, however, remain in static defensive/security deployments. The overall counterinsurgency capabilities of the average Soviet conscript remain unimpressive.

Soviet tactics seem aimed at minimizing of casualties. The Soviets used more firepower, from artillery and the air, sometimes on short notice, often with devastating effect.

There were at least 3,000 casualties through the fall of 1986, bringing the total number of Soviet losses in Afghanistan since 1979 to at least 30,000-35,000, more than one-third of whom were killed. Some Soviet sources indicate that casualties could be considerably higher, perhaps as many as 25,000 killed over the course of the war, but this cannot be confirmed. In addition, the Soviets and Afghans together have lost nearly 1,000 aircraft to the *mujahidin* since 1979, mostly helicopters. Aircraft losses increased in the latter part of the year.

Moscow has increased the use of its Special Purpose Forces (*Spetsnaz*). Their numbers have grown over the past few years to roughly 4,500-5,000. These better trained and more experienced troops deploy in smaller formations than other units, are often active at night, and are used to ambush resistance convoys. Even the *Spetsnaz* have, at times, been defeated, however, and they appear to experience the same morale,



(New York Times)

Soviet heavy machineguns remain the principal air defense weapon of the resistance.

discipline, and other problems as regular Soviet combat troops in Afghanistan. Some *mujahidin* groups use counter-ambush tactics against the *Spetsnaz*.

In 1986, the Soviets invested further in military facilities in the country. They upgraded military and dual-use infrastructure, including road links from Soviet Turkestan. They continued to refine their order of battle and send in more appropriate equipment. Recent additions include rockets, a variety of artillery weapons, and the SU-25 ground attack fighter. Existing equipment has been upgraded. Most wheeled armored personnel carriers were replaced with newer models or tracked vehicles. Self-propelled artillery has been substituted for towed artillery in many units.

Soviet forces continue to suffer from low morale problems. Disease, particularly dysentery and hepatitis, may keep as many troops out of action as combat injuries. Theft and sale of military stores (including fuel, weapons, medicine, and auto parts) are common. The black market is so developed that orders can be placed for specific items. Soviet soldiers often use the proceeds to pay for liquor and drugs.

Soviet Defectors and Prisoners. In the early years of the conflict, few prisoners were taken by either side. There is no evidence of major detention

centers for resistance fighters, but important captives are probably held in regime prisons. The resistance is believed to hold some Soviet prisoners in secure base areas inside Afghanistan, but few prisoners survive long. In Paghman, a group of Soviets captured by the *mujahidin* have reportedly been offered in return for *mujahidin* prisoners. The son of a Soviet Communist Party dignitary reportedly was exchanged for captive *mujahidin* in 1986.

Several Soviets have defected to the resistance; some convert to Islam and even fight alongside the *mujahidin*. In November, five Soviet soldiers serving with the *mujahidin* for a number of years were granted asylum in Canada.

Soviet Political Moves. Gorbachev inherited the various military and political efforts to resolve the Afghan problem. There is no indication that he disagrees with previous policy or tactics, but he has tried to develop an image of flexibility. The UN-sponsored Geneva talks constitute the main focus of Soviet diplomacy.

Gorbachev's two major statements on Afghanistan have each contained a dramatic gesture, however, and he seems intent on improving Moscow's public image. He told the 27th Party Congress in February that a schedule for

Soviet Withdrawal Deception

In his July 28 speech at Vladivostok, Gorbachev announced:

Before the end of 1986, six regiments—one tank regiment, two motorized rifle regiments, and three anti-aircraft regiments—will be returned from Afghanistan to the homeland, with their authorized equipment and arms. These units will return to their areas of permanent deployment in the Soviet Union and in such a way that all those who are interested can easily verify this.

The Soviet Defense Ministry later announced that the withdrawal would be completed by the end of October 1986. Soviet military spokesmen insisted that the units to be withdrawn had been in Afghanistan for years.

Through a variety of methods, including national technical means of verification, the United States tracked the different categories of units in question before Gorbachev's July 28 speech and afterward.

Air Defense. Soviet air defense units play no military role against the *mujahidin*, who lack an air force. Yet three air defense regiments comprised half of the promised withdrawal package, illustrating the limited significance of the original Soviet proposal. These units were withdrawn to the Soviet Union as Gorbachev promised. The SA-8 surface-to-air missile regiment based in Kabul was withdrawn from Afghanistan on October 19. The SA-8 air defense regiment from Shindand departed for the Soviet Union by October 21. The air defense regiment from Konduz—the last of the six regiments to withdraw—also returned, whereupon the Soviets announced the withdrawal was complete.

The only **tank regiment** in Afghanistan, stationed at Shindand, was severely understrength and not involved

in any significant combat. To bring the unit to full strength for the withdrawal parades, the Soviets sent additional tanks into Afghanistan in September and October. On October 15, the day promised by Moscow, withdrawal ceremonies began. Correspondents noted that the vehicles showed few signs of wear and reported that the Soviet soldiers claimed never to have seen any *mujahidin*. Subsequently, the reconstituted tank regiment returned to the U.S.S.R.

Motorized rifle regiments constitute the heart of the deception effort. Of all the units cited by Gorbachev, only the motorized rifle regiments are capable of finding and fighting the *mujahidin*. Although the Soviets included these units in order to present a more credible withdrawal package, they did not intend to degrade the military effectiveness of their forces in Afghanistan.

Within days of the Vladivostok speech, the Soviets began to move additional units into Afghanistan through Termez in the east and Kushka in the west. These new units moved into areas of the Soviet bases at Shindand and Konduz normally occupied by the motorized rifle regiments that were garrisoned there but had temporarily moved to nearby dispersal areas.

The newly introduced motorized rifle regiments were far different in equipment from the regiments they temporarily displaced. Specifically, the new regiments had truck-towed artillery, as contrasted with self-propelled artillery. They did not have the tracked armored personnel carriers, called BMPs, standard equipment for the units they replaced. In addition, to transport troops, the newly introduced regiments depended principally on trucks. To operate effectively and protect troops from *mujahidin* attacks, the Soviets had

come to rely on armored personnel carriers instead of trucks to move motorized rifle troops in Afghanistan.

In September, the introduction of the new motorized rifle regiments was complete. On October 17, the new motorized rifle regiment at Shindand was on its way north and soon arrived at Kushka in the Soviet Union. About the same time, the old motorized rifle regiment from Shindand, with its characteristic tracked armored personnel carriers, had begun to return to its garrison.

By October 21, the newly introduced Konduz regiment had arrived at Termez, in the Soviet Union. Shortly thereafter, the motorized rifle regiment originally stationed in Konduz began returning to base. All motorized rifle regiments in Afghanistan on the day of Gorbachev's speech remained there at the end of 1986.

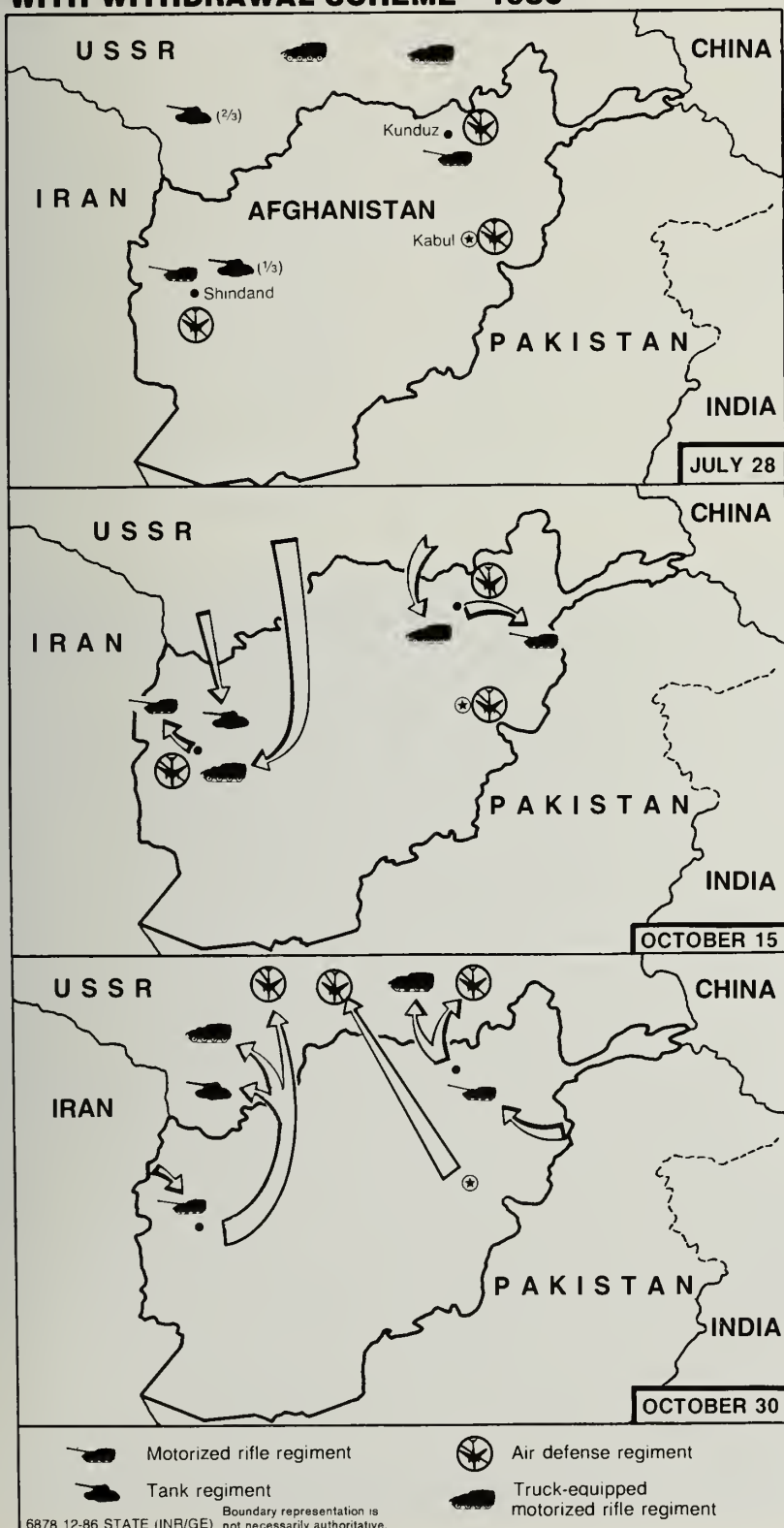
Previous Soviet Deception. The Soviets have previously staged deceptive withdrawals or reductions of forces. In 1980, for example, they announced the withdrawal from Afghanistan of some troops several weeks before the Moscow Olympics. Numbering about 5,000, these troops turned out to be forces unsuited to Afghan terrain or to counter-guerrilla operations. Even as the unwanted forces were being withdrawn, new and more useful units were being introduced.

Soviet Insecurity. The Soviets' unwillingness to withdraw militarily significant assets from Afghanistan—despite a commitment from Gorbachev himself—indicates something important. Contrary to their assertions for international audiences and back home in the U.S.S.R., the Soviets apparently do not feel secure enough to give up any real fighting capabilities.



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SOVIET FORCE MOVEMENT ASSOCIATED WITH WITHDRAWAL SCHEME - 1986



the step-by-step withdrawal of Soviet forces had been worked out with the Afghan side and would be implemented when a political settlement was achieved. This was Moscow's first high-level public confirmation of a withdrawal timetable. On July 28, Gorbachev announced in Vladivostok that six Soviet regiments would be withdrawn from Afghanistan by the end of the year to provide a "stimulus" for a settlement.

Neither statement produced significant results. Following the February Party Congress, the timetable was discussed in Geneva, but Kabul insisted on an unrealistic period of up to 4 years for the withdrawal.

The Vladivostok initiative was more misleading, and the token six-regiment withdrawal proved to be an exercise in deception (see box). The ruse was implemented even though the Soviets must have been aware it would be detected. The withdrawal occurred just before the November UN General Assembly vote on Afghanistan and did not convince the world of Soviet interest in a just solution. The vote against the presence of foreign forces in Afghanistan was approved by the same overwhelming number, 122, as in 1985.

Criticism on the Home Front.

There is little evidence of widespread opposition to the war in the U.S.S.R. Public support is mostly passive and unenthusiastic, but complaints about the war have become more frequent and open. Special counterpropaganda campaigns have been launched in the three Soviet republics bordering Afghanistan.

To generate greater support, the Soviet media have expanded coverage of the fighting. Combat fatalities are reported more frequently, decorations for heroism played up, special features on men fighting in Afghanistan carried in their hometown newspapers, and the war generally portrayed with increasing realism. A reading of *samizdat* (privately circulated dissident manuscripts) suggests that the expanded publicity may have had the unintended consequence of making Soviet citizens more worried about the war.

There are signs of increasing unhappiness about the Afghan conflict among veterans and those who might be sent to Afghanistan. Draft evasion appears to have increased, prompting the Soviet authorities to criticize sharply those who

try to avoid military service in general and service in Afghanistan in particular. Reports of payments for exemptions or safer assignments have become more common.

The Lithuanian *Komsomol skaya Pravda* on October 10 carried an "Open Letter to Those Who Attempt To Protect Their Sons From the Difficulties of Military Service." Written by an officer of the Baltic Military District, the article condemned Lithuanian youth who try to use forged medical records to gain deferment and parents who seek "soft" assignments for their sons.

Regime Developments

In a slow-motion process, Babrak Karmal was replaced in 1986 by Najibullah as Soviet-backed ruler of

Afghanistan. It was the biggest change in the Kabul regime since 1979, when the Soviets brought Karmal in with their invading troops to head the "new phase of the April Revolution."¹

Soviet dissatisfaction with Karmal increased over the years. The Soviets were unhappy with his inability to heal the factional dispute and with his lack of tangible military and political gains. Moreover, his well-known installation by Soviet forces was an international liability. Pakistan specifically had refused to deal with a Karmal-led government. Gorbachev did not see Karmal during the CPSU congress in March, a clear snub.

In early April Karmal flew back to Moscow, ostensibly for medical care, and then dropped out of sight. In contrast, the Soviets warmly received Prime Minister Keshtmand during a state visit April 21-24. Karmal still was absent

from Kabul during the April 27 anniversary of the 1978 Marxist coup, and his supporters there began to worry about his fate. There was an unprecedented series of semipublic protests by regime backers. A demonstration by women was probably organized by Karmal confidante and women's organization head Anahita Ratebzad. (Najibullah condemned these protests as "the black strivings of factionalists." He later took the women's group from Anahita by changing its name and appointing a woman militia member as the first head of the new organization.)

The gesture of support was for naught. Babrak returned quietly to Kabul on May 1. The following day Soviet troops took up key positions around the city. At the 18th plenum, Karmal "asked" to be relieved of duties as General Secretary of the PDPA "for

Najibullah—Moscow's New Man in Kabul



Mohammed Najibullah¹ was born in Kabul in 1947, the son of a banker and merchant and grandson of a Paktia tribal chief. As a youth, he joined his father who was posted with an Afghan bank in Peshawar, Pakistan. His tribal roots are with the Ahmedzai, part of the Ghilzai confederation of Pashtun tribes. Najibullah is married and has one daughter.

Najib entered Kabul University as a medical student in 1964. In 1965 he joined the newly established PDPA and was recruited into Babrak Karmal's Parcham faction. In 1967 he followed Karmal when the PDPA split. He was imprisoned in 1969 for political activities. Back in school in 1970, he was soon jailed again. He finally earned his medical degree in 1975, served in the military for a year, and then became a full-time political activist. He is a capable speaker in Pashto, unlike Karmal, as well as in Dari, and was a street orator in the 1960s and 1970s.

In 1977, Najibullah was named to the PDPA's central committee and was appointed to the Parcham liaison committee with the Soviet Union. After the PDPA coup in 1978, he became a member of the Revolutionary Council. Dismissed later that year, he spent much of 1979 abroad—first as Ambassador to Iran and then in exile in Eastern Europe.

After the Soviet invasion in December 1979, Najibullah returned to Afghanistan. In 1980 he became head of KHAD, the secret police, and was once again named to the Revolutionary Coun-

cil. He became a full member of the politburo in 1981. In late 1985 he was promoted from KHAD to become a secretary to the central committee, reportedly with party responsibility for all security forces. In May 1986, he became General Secretary of the PDPA and has headed the Kabul regime since then.

Since accession to leadership of the PDPA, Najib has often appeared in public and has traveled the country, including war-torn Herat, and met frequently with the press. Najib is close to the Soviets and responsive to their wishes. As party leader, as he was when he headed the secret police, Najib is responsive to his Soviet advisers. Like Karmal, he is usually accompanied by Soviet bodyguards. Many Afghans believe that he is a long-time KGB agent.

¹ The General Secretary is known by the single name Najibullah, but he is often referred to as Najib. Some sources indicate he purposely dropped the "ullah"—a reference to God—though now he sometimes uses it to suggest new-found piety.



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health reasons." The politburo then confirmed Najibullah as party leader.

For a time, the regime, and particularly the Soviets, promoted the notion of a collective leadership in Kabul, with Najibullah as party chief, Karmal heading the Revolutionary Council, and Prime Minister Keshtmand running the government. However, there was no question that Najibullah was in charge, and over the summer regime media began to refer to him as commander in chief.

Najibullah at first moved cautiously toward consolidating control over the party. He was frank in criticizing party shortcomings. In a speech to the 19th plenum in July, he complained about cadre arrogance, nepotism, unwillingness to go to the provinces, and outright corruption, including embezzlement, bribery, and theft of state property. At the plenum he announced a dramatic expansion of the central committee, packing it with unknowns presumably loyal only to him. Karmal loyalists were purged.

Parcham split. The ouster of Karmal and removal of his followers led to the emergence of a pro-Karmal opposition. Its reported activities range from a slowdown in the ministries to cooperation with the *mujahidin*. The dispute could be taking on an ethnic tinge, with Babrak's multiethnic urban backers against Najibullah's largely Pashtun followers.

Foreign journalists brought into Afghanistan to witness the October Soviet "withdrawal" ceremonies were abruptly ordered out of the country after seeing a spontaneous pro-Karmal demonstration.

Instability within the regime may have led Moscow finally to agree to remove Karmal. The 20th PDPA plenum was suddenly convened on November 20. The plenum endorsed Karmal's "request to be relieved of party and state posts." Stripped of the chairmanship of the Revolutionary Council presidium (head of state) and a spot on the politburo, Karmal still retained seats on the Revolutionary Council and the central committee. Najibullah told the central

committee that Babrak's health was "deteriorating." Karmal was voted a medal (the Order of the April Revolution) and granted a pension.

The plenum awarded secret police chief Ghulam Farid Yacubi the politburo seat vacated by Karmal. Khalq chief Sayed Mohammed Gulabzoi and Democratic Youth Organization head Farid Mazdak were elected candidate members.

In December, Foreign Minister Shah Mohammed Dost, a long-time diplomat and holdover from the pre-1978 regime, was replaced by Abdul Wakil, a cousin of Babrak Karmal, and most recently ambassador to Vietnam. Dost was made a minister of state and sent to the United Nations. At the same time, Defense Minister Lt. Gen. Nazar Mohammed was named First Deputy Prime Minister. His replacement, the current Deputy Prime Minister, Gen. Mohammed Rafi, served as Defense Minister from 1979 to 1982. Changes in the upper echelons of the regime were expected to continue.

Khalq revival. Were Najibullah able to forge a unified party, through purges or conciliation, it would be a major step toward regime consolidation. The increased activities of the paramilitary police troops suggest a deal with the Khalqis and their leader, Interior Minister Gulabzoi. Tribal connections between Najibullah and many of his fellow Ghilzai tribesmen of the Khalqis may account for this unanticipated rapprochement. On the other hand, Gulabzoi may be positioning the Khalqis to return to power, were Najibullah to falter. In any case, Khalq disaffection continues, compounded by its ideological disagreement over the "broadening" of the regime and the steady abandonment of radical Marxist policies.

Efforts To Suggest a Broadening of the Regime. On December 26, 1985, the regime announced the appointment of a number of purportedly "nonparty" figures. Sayed Amanuddin Amin was named deputy prime minister; a technocrat, he previously had served the DRA as a deputy minister and chairman of the Economic Consultative Council. Other appointees also had held important regime positions, but they will add little credibility to the regime.

In January 1986, Kabul added 79 new members to the Revolutionary Council, doubling its size. Kabul claims that more than half of the expanded council are not party members. The presidium (chaired at the time by Karmal) also was enlarged. Haji Mohammed Chamkani, who had chaired the 1985 Border Tribes *Jirga*, was named vice president of the presidium, the first time a nonparty figure had been elevated to such a high position. In April, the tribal *Jirga* (assembly of tribal leaders) obtained a secretariat, and Chamkani's visibility increased. In November, following Karmal's ouster, Chamkani was named interim chairman of the Revolutionary Council presidium.

The regime claims to have begun elections in all provinces (only party elections have been held since the 1978 coup), but it has been unable to conduct them outside secured areas. One of the excited victors confessed he was unaware he had been nominated until just before hearing he was elected.

Kabul's only gain has been the induction into the party of two leftist labor groups that for 7 years had been independent (Democratic Workers of Afghanistan; Revolutionary Society of Afghanistan's Toilers). This merger indicates that "national reconciliation" is not intended to lead to a departure from Kabul's Marxist and pro-Soviet orientation.

Since publication in December 1985 of a *Pravda* article suggesting the need to include real elements of the opposition in the broadening process, Kabul has often repeated its interest in national reconciliation. The National Fatherland Front (NFF, Kabul's organizational framework for integrating nonparty groups into the regime) was charged with coordinating the process—a sure indication that power sharing is not intended. The delay in the NFF congress scheduled for early November suggests a lack of progress on reconciliation in addition to problems with the draft constitution (in preparation since early in the year). Regime efforts to entice cooperation from the vast majority of Afghans have been to no avail.

The Afghan Economy

Given wartime disruption, the economy of Afghanistan continues to provide a standard of living not greatly different from that before the 1978 Marxist coup. In some areas, particularly along major lines of communication for both sides, the countryside has been devastated and depopulated. But in many parts of the country, traditions of autarchy, subsistence farming, nomadic and semi-nomadic herding, smuggling, and informal trade persist. The regime claims that material damage caused by the war totals 40 billion Afghanis² (up a third from last year's claim).

Food. Kabul's bazaars remain amply stocked, although some items were in short supply. In general, the food supply in Afghanistan was adequate, although shortages of some items continued in some areas. As wheat accounts for about 60% of the Afghan diet, most of the population has enough to eat.

Abundant snowfall in the winter months of 1985-86 and good weather in the growing season produced a wheat crop about as large as harvests before the Soviet invasion. Because several million refugees have fled, per capita wheat availability is probably higher than before 1979. The impact of land abandonment in areas of heavy fighting has been softened by the shift from cash crops to wheat in regions of less intense fighting.

Most land abandonment and food shortages occur in a 50-mile belt along the Pakistan frontier. Most reports of food shortages and most of the refugees come from this area, where fighting has been heavy. In the fall, shortages were reported in the northwest.

Scarcities are aggravated by damage to Afghanistan's limited transportation infrastructure. Shortages are worst in the spring. Some items are periodically in short supply: vegetables, oils, rice, sugar, and tea. The supply of meat, however, appears adequate. Flocks have stabilized at preinvasion levels, probably because most of the 20 million sheep are safe in the mountains when the fighting is heaviest.

The cities, especially refugee-swollen Kabul, are largely fed from imports. In recent years, about half of the DRA's grain imports has come from the Soviet Union.

Scorched Earth? Although there are many credible reports of deliberate Soviet/regime destruction of crops, homes, and agricultural infrastructure, it appears that the Soviets do not have a general scorched earth policy. Total crop destruction has been limited and has not had much impact on countrywide food availability.

Electricity shortages fluctuate with *mujahidin* damage to the hydroelectric plants. Market conditions in the provinces are more varied. Fighting near the trade routes temporarily raised prices of items that have to be brought in from outside.

DRA Economic Policies. A major component of the regime's initiative to "broaden the social base" was an effort to involve the private sector. In January, when Kabul announced a planned doubling of the state share of retail trade, an Economic Consultative Council was set up to improve the climate for "national traders and entrepreneurs." Its chairman, Sayed Amanuddin Amin, was named a deputy prime minister. In the summer, Kabul offered to back investors with low interest loans. Traders have fared rather well; their margins have been adequate to cover spiraling transport costs as well as the obligatory payoffs to both sides.

The private sector grew apprehensive during the summer as Najibullah increasingly criticized Commerce Minister Jallalar, a nonparty civil servant long regarded as guardian of its interests. Businessmen worried that their conscription exemptions and deferments would be eliminated.

In January, after extensive consultation with the Soviets, Prime Minister Keshtmand reported the successful completion of a Five-Year Plan (1981-86). He also previewed the next Five-Year Plan (1986-1991), which commenced in March, the beginning of the Afghan year. The large increase in natural gas output may be due to a new find, hinted at by Keshtmand in a March speech.

Soviet Economic Relations With the DRA. In 1985, Moscow pledged \$320 million in new economic aid—the second largest commitment since 1979. The new agreements provided \$120 million in

DRA Five-Year Plans: Growth in Selected Sectors

	1981-86	1986-91
Increase in GNP	11%	25%
Industry	NA	28%
Agriculture	NA	15%
Natural gas extraction	11%	260%
Government worker housing	200%	1100%
State share of retail trade	22%	47%
State investment	67 billion Afs.	114.5 billion Afs.

Source: *Radio Kabul*, January 1986.

food and consumer goods grants for 1985 delivery, and \$200 million in credits for projects in Afghanistan's new Five-Year Plan. The latter include the Sarowbi II hydropower plant, tunnels on the Hairatan-Kabul highway and Salang Pass road, technical schools, and extensive road construction and modernization. Such projects help support Soviet political and military efforts in Afghanistan.

Soviet aid deliveries reached \$225 million in 1985 under old and new agreements, bringing deliveries since the invasion to \$1.6 billion. According to the Afghan Government, at least 5,000 Soviet economic technicians were employed in Afghanistan in 1985, working on 63 projects. Under an agreement signed on March 20, 1986, Soviet assistance would increase from 70% to 80% of all foreign aid. The aid program includes the construction of 840 apartments in Microrayon, a Kabul neighborhood where many Soviet advisers live.

Soviet-Afghan trade has tripled since the invasion. Trade hovered around the \$1 billion mark in 1985. The Soviets continued to take Afghan natural gas in exchange for essential commodities, machinery, and equipment. Some 65% of Afghanistan's total trade is now with the Soviet Union. A trade protocol signed in Moscow on February 13 provided for an additional 30% increase in Soviet-Afghan trade during new Five-Year Plan.



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Social Developments

Education

Regime efforts to build a loyal following through indoctrination of the population continued without evident success. Kabul claims to have reached more than a million adult Afghans through its literacy programs and to have increased school attendance by 15%, to 685,000. Prime Minister Keshtmand claimed that a program to teach minority languages (a key divisive tactic) reached 6,000 students in 40 schools. This is probably a good indication of the regime's limited reach outside the capital.

Bringing Afghans, including young children, to study in the U.S.S.R. is an important element of the "Sovietization" effort. About 6,000 Afghans studied in the Soviet Union in 1986. An Afghan-Soviet protocol signed this summer provided for 1,800 secondary and university students to go to the U.S.S.R. in the 1986-87 school year. This represents about a 50% increase over 1985-86.

Study in the U.S.S.R. is unpopular due to the restrictions on student movement inside the Soviet Union and on the curriculum and to the increased prospect of being drafted on return. Afghan students in the Soviet Union, even in Central Asia, report being harassed by local people.

Health

The length of the conflict and the disruption of Afghanistan's rudimentary health infrastructure have contributed to an apparent increase in the incidence of disease. Most doctors have fled. Soviet physicians in urban areas or foreign volunteers in resistance-controlled areas can only meet a fraction of the demand for medical care. The wounded take up many of the existing hospital beds and other medical resources. Sanitation, never adequate, has become nonexistent in many areas. Endemic hepatitis plagues residents and Soviet soldiers alike. Tuberculosis, which through government vaccination efforts had been virtually eliminated, is reportedly on the rise.

Status of Women

Women traditionally were responsible for maintaining Afghan culture. Their role has been magnified under conditions of wartime dislocation, especially in the refugee camps. Women have a major voice in the decision to leave the country. But most are reluctant to leave Afghanistan and give up their traditions.

The Kabul regime claims to promote the status of women, often featuring them in propaganda. The position of most has not changed much, although some women (for example, Karmal's wife, Mahbooba, and Anahita Ratebzad) reached positions of influence under Karmal. Women's issues apparently have been downplayed since the accession of Najibullah. The regime has formed and armed women's militia units, but participation has not been widespread.

Women's role in traditional Afghan society has been reflected in their limited participation in the resistance. Women have not taken a combat role, but in urban areas they have been active as spies and messengers for the *mujahidin*.

Religion

Under Najibullah, the atheist People's Democratic Party of Afghanistan has tried harder to appear pro-Islam, for "we know our people are religious." The regime is now fronted by an acting chief of state, Haji Mohammed Chamkani, who uses the Mecca pilgrimage honorific as a first name.

The Kabul Marxists' belated recognition that they are incapable of eradicating the Islamic faith has increasingly led them to endorse religious symbols and institutions. The attendance of three top leaders—Karmal, Keshtmand, and Najibullah—at *Eid-al Adha* (Feast of Sacrifice) prayers in Kabul's central mosque, August 15, was emphasized in the regime media.

The government praises "patriotic clergy" (those who will accept Marxist rule) and has stepped up efforts to win over religious leaders. Currently, the regime claims more than 10,000 mullahs on its payroll, in some 5,000 mosques. The "patriotic clergy" do not enjoy popular respect and are often attacked by the resistance.

Kabul publicizes its allocations to religious institutions, without mentioning that these are paid out of the institutions' endowments, which have been seized by the state under various "reform" measures. Patronage is used to foster control. In June, Najibullah asked the National Fatherland Front to "enhance its role in the appointment and removal of imams."

The Islamic Affairs Department has been elevated to a ministry; the High Council of Ulema (religious scholars) oversees religious activities and property. Religious education is more directly controlled. Private *madrassahs* (religious schools) were closed down in 1978 and replaced by state-run institutions.

Illegal Drugs

Afghanistan continues to be a major producer of opium and hashish. The 1985 poppy harvest yielded an estimated 400-500 metric tons; preliminary reports suggest that the 1986 crop will be considerably larger. In recent years, Afghan traffickers have acquired the capability to refine opium into heroin. Much of Afghanistan's opium and nearly all of its heroin are exported to or through Pakistan and Iran.

Lack of progress against drug production and trafficking will continue until political and military stability returns to Afghanistan. All major resistance organizations oppose narcotic production, trafficking, and abuse, and most individual guerrillas adhere to this policy.

There are increasing indications that drugs from Afghanistan, some brought by returning troops, are turning up in the Soviet Union, aggravating domestic drug problems. The Soviet Union also is apparently being used as a transshipment route for Afghan drugs to the West. In June, Dutch police seized 485 pounds of pure heroin hidden in containers of Afghan raisins being unloaded from a Soviet freighter in Rotterdam.

Human Rights

As documented by reputable international organizations, e.g., Helsinki Watch, Amnesty International, and the UN Human Rights Commission, human rights violations in Afghanistan continue

to be perpetrated by Soviet and regime forces on a massive scale.³ Through reprisal attacks, indiscriminate air and artillery bombardments, use of antipersonnel mines and booby-trapped toys, arbitrary killings, and torture, the Soviets and the Kabul regime have sought to intimidate the Afghan people into submission or fleeing the country. In a February 1986 report to the UN Human Rights Commission in Geneva, the Special Rapporteur on Afghanistan concluded that "continuation of the military solution in Afghanistan will lead to a situation approaching genocide."

Over one-third of Afghanistan's prewar population of 15 million has been violently displaced. Over 1 million Afghans have been driven into urban areas, such as Kabul, whose population has more than doubled since the invasion. An estimated 4 million Afghans have fled abroad, to become the world's largest refugee population. Human rights groups have estimated that more than 600,000 Afghans have been killed. Under the Kabul regime, arbitrary arrests, detention without trial, execution of political opponents, and the practice of torture are commonplace. Former prisoners told Amnesty International that Soviet advisers had been present at some torture sessions.

For the second year in a row, the UN General Assembly adopted a resolution on the human rights situation in Afghanistan by a vote of 89 in favor, 24 opposed, and 36 abstentions, an improvement over the 1985 vote. The resolution was based on the findings of Professor Felix Ermacora, the UN Human Rights Commission Special Rapporteur.

Refugees

Afghans in Pakistan are the single largest group of refugees in the world. The Government of Pakistan reports registration of more than 2.8 million Afghans; numbers continue to grow, although at a slower pace than before. The refugees are sheltered in more than 300 camps, primarily in the rural areas of Pakistan's North-West Frontier Province and Baluchistan. Relief assistance, including food, shelter, clothing, and medicine, is provided by the international community, primarily through the

UN High Commissioner for Refugees (UNHCR) and the World Food Program.

Recently arrived refugees appear to be in worse shape than their predecessors and are more likely to have been directly touched by the fighting. They bring with them fewer possessions, or income-generating assets such as livestock, thereby placing an additional burden on relief efforts in Pakistan.

Despite considerable economic and political costs, the Government and people of Pakistan have extended an impressive welcome to the Afghans. The

Government of Pakistan estimates that the annual relief effort costs some \$360 million, of which it bears nearly half the cost, chiefly expenditures for program administration and transportation of relief commodities.

In addition to the financial burden of caring for the Afghans, the citizens of Pakistan have absorbed costs far more difficult to calculate. Pakistan's inland transportation system moves several hundred thousand tons of relief materials each year. Land prices have risen as a result of the refugees'



Women and children fetch water from one of the pumps financed by UNHCR.

(UNHCR photo by A. Diamond)



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presence, and in an economy already experiencing high unemployment, Afghans sometimes compete with Pakistanis for scarce jobs. The refugees and their livestock have strained scarce water supplies and denuded forestlands in already poor areas near the frontier.

Refugee-Pakistani relations have been surprisingly good, with few violent incidents, largely due to the strong cultural and social ties between the indigenous population and the newcomers. Since early 1986, however, Soviet/DRA-backed attempts to exploit Pakistani concern over the refugees' presence have increased.

In a further effort to minimize social tensions and address the longer term needs of a population with no immediate prospect of returning home, many relief organizations, with the concurrence of the Government of Pakistan, have expanded their programming to include projects that enhance refugee self-reliance.

Between 1983 and 1986, the World Bank, in conjunction with the UNHCR, committed \$20 million for forestation, irrigation, and road-building projects that employ refugee and local labor in repairing environmental damage caused by the refugees. This project has recently been extended for 3 years.

The U.S. Government, the largest contributor to the relief effort, pledged nearly \$50 million for Afghan assistance in fiscal year 1986, including \$25 million worth of commodities through the World Food Program. To date, total U.S. contributions for Afghan refugee assistance exceed \$480 million. Other major contributors are Japan, Canada, Australia, Saudi Arabia, and a number of West European nations.

The second largest concentration of Afghan refugees is in Iran. The Iranian Government estimates that up to 1.9 million Afghans are within its borders, half of them located in the sparsely populated eastern provinces of Khorasan and Sistan-Baluchistan. Many Afghans in Iran have successfully integrated into the local population. However, the government does provide some assistance through its Council for Afghan Refugees, part of the Iranian Ministry of the Interior. In addition to providing equipment for an extensive network of reception and transit centers, UNHCR is

developing programs to train refugees in the skills they require to become self-sufficient. The United States is not a contributor to the UNHCR effort in Iran.

Regional Environment

Pakistan

During 1986, the war spilled over into Pakistan much more frequently than in previous years. The all-out effort by the Soviets to knock out *mujahidin* strongholds in Afghanistan near the Pakistan border led to a dramatic rise in border violations. By late November, air violations numbered more than 700 (compared to more than 200 in 1985) and artillery shellings more than 150 (compared to about 25 in 1985). Although most of the air violations were overflights, some were concentrated attacks on targets just inside Pakistan. Pakistan reports the loss of more than 100 civilians killed and 200 wounded in these attacks, about two-thirds from shelling.

In mid-May, the Pakistani Government announced that an intruding ground attack aircraft had been shot down by a Pakistani F-16 and had crashed inside Pakistan.

This year, Soviet/DRA agents have been actively engaged in a campaign of subversion inside Pakistan to turn Pakistani opinion against the government's policy of support for the Afghan refugees. Beginning with the January bombing of the Pakistan International Airlines office in Peshawar, subsequent terrorist acts in the Peshawar area have included train derailments and bombings in restaurants and at a well-known hotel.

Similar incidents have occurred elsewhere in the North-West Frontier Province and in Baluchistan. The Soviets have spent large sums of money trying to recruit Pakistani tribesmen to stir up trouble inside Pakistan and to aid the Kabul regime against the resistance.

Pakistanis are understandably concerned about acts of sabotage and about the long-term impact of the war. Nevertheless, Pakistanis continue to show generous support for the Afghans.

Iran

Iran continues to call for the speedy and unconditional withdrawal of Soviet troops and to condemn Soviet efforts to control Afghanistan, despite improved relations with the U.S.S.R. Iranian media strongly publicized Tehran's support for the resistance during the visit to Tehran of Soviet First Deputy Foreign Minister Kornienko, the highest level Soviet visit since the revolution.

Iranian relations with Afghanistan deteriorated further in 1986, in tandem with DRA and Soviet allegations of increased Iranian support for the resistance. Early in the year, a group of Iranian religious leaders returned from several months in central Afghanistan. They had been sent by Khomeini's designated successor, Ayatollah Montazari, who has taken an active interest in the Afghan cause. Soviet media condemned the mission.

Complaints of border violations came from both sides during the course of the year. In March, Kabul charged Iran with causing a water shortage in the Afghan cities of the Helmand Valley, threatening to reopen a long-dormant dispute.

Iranian opposition groups—*Tudeh* and *Fedayeen-e Khalq*—continue to be welcome in Kabul. In a congratulatory message to Najibullah on his accession in May, *Tudeh* first secretary Khaveri called for strengthening ties between his party and the PDPA.

India

Prime Minister Gandhi reiterated India's interest in a political solution to the Afghan problem. India continued to call for an end to foreign intervention and interference in Afghanistan. India maintained good relations with the Kabul government and a modest program of assistance to the DRA. In 1986, India once again abstained on the UN General Assembly resolution condemning the presence of foreign forces in Afghanistan.

China

China cites the Soviet occupation of Afghanistan as a major obstacle to improving relations with the U.S.S.R. On the sixth anniversary of the Soviet invasion in December 1985, Chinese

media noted that the invasion "sabotaged peace and stability" in the area and posed a threat to China's security. China viewed Gorbachev's Vladivostok withdrawal proposal with "interest," but when the offer proved to be a sham, the Chinese engaged in sharp public polemics with the U.S.S.R. and condemned Moscow's "facade of sincerity."

International Concern

The plight of the Afghan people has not escaped the world's attention. Countries around the globe took special notice of the sixth anniversary of the Soviet invasion in December 1985. The United States recognized Afghanistan Day, March 21, with a presidential proclamation.

Afghanistan was one of the most controversial issues at the congress of the World Peace Council, the most prominent Soviet international front group. At the congress, held in Copenhagen in October, Danish Radical Party president Niels Helveg Pedersen denounced the "inhuman and brutal war being waged by the Soviets in Afghanistan." The conference concluded in uproar after 40 demonstrators, many of them Afghan refugees, were ejected.

In April, a representative of the International Committee of the Red Cross (ICRC) visited Kabul, the first visit since contacts were broken in 1982 after Kabul's refusal to allow the ICRC to visit prisoners held by the regime. Although the DRA agreed in principle to the reestablishment of an ICRC presence in Kabul, the issue of prisoner access has remained a major stumbling block.

International media interest continued to report on the plight of the Afghan people and their heroic resistance. Press coverage of resistance operations increased, despite the hazards of traveling inside Afghanistan and Soviet threats against journalists.

The United States Information Agency has funded a program to improve the ability of Afghans to tell their own story of the occupation and resistance, particularly through video.

In 1986, the Kabul regime allowed increased access for foreign journalists, including those from the West. A group of reporters was flown in from Moscow in January, during the customary winter lull, and to witness Soviet "withdrawal" ceremonies in October. Journalists, however, are given little scope to probe beyond regime interviews or guided tours.

The Department of State has issued a warning against travel by U.S. citizens in Afghanistan because of the war and the U.S. Government's inability, in a hostile war zone, to provide consular protection for American citizens who may be in distress.

UN Negotiations. Since January 1980, the UN General Assembly has voted eight times, by overwhelming margins, for a resolution calling for the complete withdrawal of foreign forces from Afghanistan; the restoration of Afghanistan's independent and non-aligned status; Afghan self-determination; and the creation of conditions that would enable the refugees to return home with safety and honor. The resolution, introduced as in the past by Pakistan and cosponsored by 47 countries, passed again on November 5, 1986, by a vote of 122 to 20, with 11 abstentions, equaling last year's record positive vote.

UN attempts to negotiate a settlement date from a November 1980 mandate of the General Assembly. Negotiations are led by UN Under Secretary General for Special Political Affairs Diego Cordovez, the Secretary General's personal representative. Talks have been held periodically since 1982 in Geneva. Cordovez shuttles between delegations from Pakistan and Afghanistan, officially informing Iran of the discussions while unofficially informing the Soviets. Two sessions of indirect talks were held in Geneva in 1986. The first, convened in May, lasted an unprecedented 3 weeks. The negotiations recommenced July 30 and ran through early August. In addition, Cordovez shuttled between Islamabad and Kabul in March and again in November; during the November shuttle, he also visited Tehran.

At the May session, the discussion focused on a timetable for Soviet troop withdrawal and on implementation issues. The DRA dropped its prior refusal to discuss a timetable without direct negotiations with Pakistan. Nevertheless, the parties remain far apart on this central issue. Pakistani Prime Minister Junejo on a June visit to Washington revealed that the Soviet-DRA side had offered a Soviet troop withdrawal timetable covering a 4-year period, which Pakistan rejected. He indicated that a 3- or 4-month period would be sufficient.

The UN Secretary General has reported that the four instruments that would comprise the agreement are "virtually complete." The text is largely settled on three of four proposed instruments, the first dealing with mutual noninterference in Afghanistan's affairs, the second encompassing international guarantees, and the third governing the voluntary return of the refugees.

The fourth agreement, which is to address the key issue of a Soviet troop withdrawal and the interrelationship between that document and the other three, is unfinished. The principal outstanding issue remains an agreement on a realistic timetable for the withdrawal of Soviet troops.

Despite hopes generated at various points in the negotiations, the sides are far apart. The Soviet Union has not substantially altered its original position justifying its presence in Afghanistan. Nevertheless, all sides are committed to continuing the talks.

U.S. Policy

U.S. policy toward Afghanistan aims at achieving a negotiated political settlement, predicated on the prompt and complete withdrawal of Soviet troops and consistent with eight UN resolutions on Afghanistan. The United States supports UN-sponsored efforts to achieve a settlement and has expressed in writing its willingness to lend its political support to a comprehensive and balanced



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agreement that protects the legitimate security interests of all parties. Absent such a settlement, the United States is committed to support the Afghan cause through all appropriate means.

Humanitarian Assistance. The United States has responded to the plight of the Afghan people by establishing a long-term humanitarian aid program for war-affected Afghans. The program emphasizes direct assistance to the Afghan resistance alliance and is intended to provide those remaining in Afghanistan with the means to sustain themselves. In fiscal year 1986, Congress appropriated \$15 million in economic support funds for war-affected Afghans. In fiscal year 1987, Congress earmarked an additional \$30 million for the program. Administered by the U.S. Agency for International Development, the program includes three new projects in health, education, and commodity support.

U.S. and European private voluntary organizations help implement the program. Support is being provided from the United States, France, Belgium, West Germany, Sweden, United Kingdom, and Austria. In 1986, total support for voluntary agencies amounted to \$10 million; an additional \$10 million is planned for 1987.

Educational assistance, implemented through the alliance education committee, will provide direct support (text-books, supplies, curriculum development, teacher training, and stipends) to primary education in free areas of Afghanistan. The health project envisions a massive training program of first aid for emergency care, mobile health clinics and hospitals for urgent care, a medical evacuation system, and a supply system. Basic humanitarian goods, such as food, agricultural commodities, medical supplies, clothing, shelter, and animals also will be furnished. In addition, under PL-480, a Title II program consisting of wheat and vegetable oil

valued at about \$15 million was approved in 1986 for war-affected Afghans.

Congress has separately authorized \$10 million for transporting humanitarian commodities to war-affected Afghans; the authority also provides funds to transport Afghan patients to the United States for medical treatment.

¹For background, see Special Reports 79, 86, 91, 106, 112, 118, 120, 135, and 139.

²The U.S. dollar is worth 55 Afghanis at the official rate. In the Kabul money market, one of the freest exchanges in the world, it was 139 Afs/dollar in January, and in November about 152 Afs/dollar.

³*Situation of human rights in Afghanistan*, United Nations General Assembly Document A/41/778, 31 October 1986. Amnesty International, *Afghanistan: Torture of Political Prisoners*, November 1986. See also, Helsinki Watch Committee, *Afghan Children: The Other War*, December 1986. ■

Iran and U.S. Policy

Following are the statement by Secretary Shultz before the House Foreign Affairs Committee and the question-and-answer session with some members of the committee on December 8, 1986.¹

SECRETARY'S STATEMENT²

This is the first time in my 10 years of service as a Cabinet officer that I have been asked to take an oath before Congress. I do so in good spirit, fully recognizing your authority to require an oath and your duty to ensure that the record of these proceedings is as full and true as possible. Taking an oath is something American citizens do every day. I regard this act as fulfilling my duty as a citizen to respect our laws and institutions.

I want you to know, however, that when I was sworn in as Secretary of State, I took an oath "to support and defend the Constitution of the United States." I have always considered that solemn promise to impose the permanent duty upon me as Secretary of State always to tell the truth to the President, the Congress, the courts, and, most importantly, the American people. In addition to being a citizen, I am, at the moment, a public servant. If a public servant is not prepared to tell the truth, he has no business being a public servant, oath or no oath. It is as simple as that.

I am grateful for the committee's understanding that I must depart at 10:30 in order to meet with President Mobutu of Zaire, after which I will leave early this afternoon for Great Britain and Belgium for meetings with NATO foreign ministers.

The hearings you are holding come at a crucial point for the nation. The President has recognized that serious problems have been created in our conduct of foreign affairs by the manner in which some individuals implemented our effort to establish better contacts with Iran and by the diversion of funds from arms sales to the Nicaraguan democratic resistance. He has taken the lead in rectifying any problems that may exist.

- The President has appointed Frank Carlucci, a respected foreign policy professional of exceptionally broad experience and the highest integrity, to revitalize and lead the National Security Council.

- He has instituted a senior-level Special Review Board under the distinguished leadership of John Tower to review the proper role of the National

Security Council and the functioning of its staff.

- He has recommended the appointment of an independent counsel to investigate the possibility of any wrongdoing regarding the Iran project.

- He has welcomed a unified congressional approach to its oversight role in these matters and has promised full cooperation with its inquiries.

- He has ordered me to implement an interagency study of our relations with Iran, and that process is underway with the experienced leadership of Under Secretary [for Political Affairs Michael H.] Armacost.

- And he has instructed his Cabinet officers to share with the Congress and the American people all that they knew about this recent initiative toward Iran—which is why I'm here with you this morning.

As you know, I am ready to tell you everything I knew at the time about our sales of arms to Iran. The President has authorized the release of this information to Congress. I am not free, however, to violate the laws of the United States in the process. Much of the material that I knew at the time is still classified. I realize that some of this material has become public.

But this does not permit me to confirm as fact some matters that have, up to now, been published without official authority. Furthermore, while it may seem difficult to believe, some of what I am ready to tell you is still not publicly known. Finally, in addition to the problem of classified material, to tell you all that I know in public session could well interfere with ongoing criminal investigations, would improperly reveal intelligence sources and methods, and would expose privileged communications.

All this pains me greatly. I have sworn to tell the full truth, and I am prepared to do so in a manner consistent with my legal and ethical responsibilities. This can best be done in a closed session where all my obligations can faithfully be fulfilled. I want to put to rest now any doubt as to my readiness to respond to questions about my prior knowledge and activity. I have already made all the information at my disposal available to the FBI. I have been interviewed by the Department of Justice. I am ready in this open session to bring forward all the materials I properly can. And, at whatever appropriate time you choose, I am prepared to make a statement and to answer questions in closed session giving classified details of my knowledge and activities.

Having said this, I fully believe you have made the right decision by calling for an initial open session and stating that this particular hearing might concentrate on looking forward. I warmly endorse this purpose. We need very much to look forward. And I will do so in this testimony.

I will start by looking at our future relations in the Persian Gulf area. That subject is of crucial importance to the nation, and it easily warrants the limited time we have this morning. So, let me turn to it, with the hope of leaving time for your comments and questions.

The Importance of Iran and the Persian Gulf

The Persian Gulf is important to the United States—and for many of our key friends and allies as well. A quarter of the free world's oil flows through the Persian Gulf, and an even higher percentage sustains the economies of our allies in Europe and Japan. It is vital that Western access to that oil continues. The region is a strategic focal point—one in which the Soviet Union has long sought to expand its presence and control. We have an important stake in denying to them such an expansion.

We have major political interests with individual gulf states, both in their own right and because of their influence on events in the Middle East, Afghanistan, and elsewhere. Therefore, we want the states of the gulf to enjoy a peace and political stability free from threats of Soviet intimidation, external aggression, or internal subversion. We wish to sustain productive relations with these states of the region, in part so that the supply of oil to the West can continue unabated.

But our strategic, economic, and political interests in the gulf have been and continue to be challenged from a number of quarters—by war and political instability in the region, by the Soviet Union's brutal occupation of Afghanistan and persistent efforts to expand its influence, and by terrorism. And Iran has come to be a most important element in all of these considerations.

The Iran-Iraq war, now in its seventh year, shows all too clearly how a continuation of regional conflict and instability can threaten not only our interests but those of many states friendly to us as well. And for that reason, the United States has consistently worked for an early end to that conflict, under terms which provide for the territorial integrity and independence of both belligerents.

In meeting the threat of escalating terrorism, we must also deal with the

problem of Iran. The current Iranian Government continues to believe that terrorism is a legitimate instrument of foreign policy. It has been prepared to employ that instrument when and where it suited its needs. It is in our interest to see that it stops.

As the President has said, he authorized the transfer of some arms to Iran to send a signal that the United States was prepared to replace the animosity between us with a new relationship. That signal has been sent. No further arms shipment will be made to Iran by the United States, and we will exert all our influence to discourage arms sales to Iran by others. The reason is that it is Iran which refuses to end the gulf war, and it is the capability of Iran to continue the war that we must address. Iran cannot expect a better relationship with us until it acts to end the war, ceases its support for terrorism, and uses its influence with those who hold our hostages to achieve their freedom.

Our dealings with Iran are shaped by a strategic dilemma. We have a "northern" concern—to keep Iran free of Soviet influence—and a "southern" concern—to keep Iran from dominating its gulf neighbors. Because Iran continues to resist Soviet influence but threatens the gulf, our near-term priority must be to reassure gulf Arab states of our support and stand fast on our anti-terrorism and arms embargo policies. Meanwhile, we must use alternative channels to bolster Iranian resistance to Soviet influence and focus on shared interests such as Afghanistan. Similarly, stability in the gulf will affect our efforts to encourage meaningful movement in any peace process between Israel and its Arab neighbors.

U.S. Policy Toward Iran

Therefore, we have a legitimate interest in better relations with Iran, and the President determined last year that we should respond to approaches from elements within Iran to see whether Iranian leaders were prepared to shift their policies in a more positive direction. Last Saturday, the President reiterated our purposes: "to end the war in the Middle East, to prevent Soviet expansionism, to halt terrorism, and to help gain release of American hostages." I fully support every one of these purposes. I am sure that you and this committee likewise support them.

The problems created by recent events were not caused by these purposes but by the way they were implemented in this one instance and by certain unauthorized actions of officials on

whom the President had relied to implement his policy. Facts being revealed have made clear, as the President has forthrightly stated, "that the execution of these policies was flawed and mistakes were made."

The policies the President has reaffirmed are his own. He has made clear that it was neither his intent nor his policy to trade weapons for hostages, nor to undercut our stand against terrorism. I fully support him and his policies. As a nation, we must remain opposed to terrorism in every form. All terrorism, whether directed against Americans or others, is unacceptable and must be eliminated. That principle is central to our efforts to encourage broader international cooperation against state-sponsored terrorism.

Therefore, we must continue to speak out and take action against all acts of terrorism. However much we share the anguish of the families involved, we must oppose concessions or ransom for the release of hostages. To do otherwise would encourage the taking of additional hostages and would raise the value in the eyes of the hostage-takers of those already held. And we must continue to strengthen our efforts with friends and allies in such areas as intelligence exchange and security measures to thwart terrorism and its attendant violence and to isolate states which sponsor and support terrorism.

With respect to Iran, the President has noted: "The Iranian revolution is a fact of history, but between American and Iranian basic national interests there need be no permanent conflict." He has also reaffirmed that it was not his intent to do business with the Khomeini regime as long as its policies threaten the peace and stability of the region. Here again, I fully agree.

We must continue to encourage an end to regional hostilities and peaceful relations between all of the gulf states. We seek a negotiated resolution of the Iran-Iraq war that respects the sovereignty and territorial integrity of all nations in the region.

In working for the stability of the gulf, we will continue to support the cooperative efforts of moderate and friendly states of the region to ensure their own security and stability. We will oppose Soviet encroachment in the region and seek an early end to its occupation of Afghanistan.

Recent Events in a Historical Perspective

Finally, we must put recent events into proper historical perspective. The

President has been here for 6 years. When he took over, the nation was neither as secure nor as confident as it should have been.

Where do we stand after 6 years of President Reagan's leadership in foreign affairs? Working with Congress and with the broad support of the American people, President Reagan's policies have brought us to the threshold of a new and remarkably different world—a world in which America's interests, America's pride, and America's ideals are flourishing.

What is this different world? Why is it cause for renewed confidence and hope for the future? Because:

- We can glimpse now, for the first time, a world in which the incessant and pervasive fear of nuclear devastation is reduced. The threat of nuclear conflict can never be wholly banished, but it can be vastly diminished by careful but drastic reductions in offensive nuclear arsenals and by creating an ability to defend against them. It is just such reductions—not limitations in expansion, but reductions—and just such defenses that are the vision President Reagan is working to make a reality.

- Only a few years ago, the democracies of the world were believed to be an embattled, shrinking handful of nations. Today, people struggling under oppressive regimes of the right and the left can see democracy as a vital force for the future. Vital but nonviolent movements toward more open societies have succeeded. The failure of closed, command economies is more evident every day. A new wind of change is blowing.

- People who are ready to stand up for freedom and have no choice but to fight for their rights now know that communism's march is *not* inevitable. President Reagan is a freedom fighter—and the world knows it. And I stand with Ronald Reagan.

Strong defenses, sound alliances, and support for the free economic and political development of peoples everywhere: that's what President Reagan stands for. His policies are not the policies of a party. They are the policies of all the American people. They are inevitable policies if our country is to remain the best and greatest on Earth and the hope of humanity everywhere. Let us show the strength of our free institutions by a full investigation of every detail of this Iran episode. But as we do so, let us unite, pull ourselves together, and keep this country moving ahead to meet the dangers and the opportunities of this moment.

THE SECRETARY

QUESTION-AND-ANSWER SESSION

Chairman Fascell. Everything you say here in your testimony is obviously absolutely right since you are a man of honor and have told the truth. But someone's zeal in this U.S. Government of ours, in this Iranian arms deal, has put the credibility of U.S. foreign policy at the lowest ebb that I know of.

It has been alleged that you were opposed to this Iranian initiative as a member of the National Security Council and as Secretary of State. If you were, did you convey your concern to the President, and, if you did, when did you do it?

A. I conveyed my concerns on many occasions—in two full meetings, on another occasion, according to my records, and I don't think anyone involved in this is under any illusion whatever about my views.

Chairman Fascell. I'm not sure I understand whether or not you conveyed your concern to the President or not.

A. Yes.

Chairman Fascell. In opposition to the Iranian arms deal?

A. Let me comment on that. I supported and continue to support, as my statement indicates, the idea of trying to see if we can't rearrange the furniture a little bit insofar as Iran is concerned, and there are various ways to try to do that which I support and which is the President's basic intent. So I support his policy.

However, when it comes to the use of arms, I have a different view. But I do believe that it's a legitimate subject for debate as a policy matter. The President listened to views pro and con, and he has said publicly that in the end, he decided that he should send a signal—I think that was his word—to Iran to show our serious intent, and so he authorized some arms shipments to Iran for that purpose.

You can argue in favor of it, and the President has put forward the arguments in favor of it; you can argue against it, and the various people have done so. Nevertheless, it's a legitimate issue. The President made a decision about it, and that's one of the things you get the right to do when you get elected President. You get the opportunity to undertake those tough calls, and he stood up to it.

Mr. Broomfield. There's two aspects of this that really disturb me.

One is the arms transfer to Iran, which I thought was extremely ill-advised. But my question this morning deals with the transfer of funds to support the *contra* effort. Over the weekend, we read about the Sultan of Brunei contributing large sums of money into a secret Swiss bank account to support the *contras*.

I wonder how many other Third World countries have done the same thing? Who has control of this fund, and who handles it, basically? What knowledge do you have on that particular fund that circumvents what I believe is the spirit of the law in support of the *contra* effort in Nicaragua?

A. First of all, it would not be proper for me to talk about any particular third country, and so I will not do that. I did see a report in the press that during a visit to Brunei last summer, I raised this issue or sold the Sultan on transferring funds. That is not correct. I did visit Brunei. It was the only ASEAN [Association of South East Asian Nations] country that I had not visited, and I wanted to visit each of them, just as I try to stop in the Pacific island states and stopped in Palau on that same trip. But there were no conversations with any Bruneian during that visit by me of this matter.

Having said that, let me go on and say, first reminding you, that in August 1985, Congress approved \$27 million in humanitarian aid for the Nicaraguan Democratic Resistance. The funds were appropriated in December for obligation through March 31, 1986. At the time, the Congress expressly confirmed that, in addition to expending this \$27 million, the law did not preclude—I'm quoting from the law that you passed—"activities of the Department of State to solicit such humanitarian assistance for the Nicaraguan Democratic Resistance."

So it was a perfectly proper activity for the Department of State, for me, to do that. There's nothing illegal about it. There's nothing improper about it. Quite the contrary. It was the policy of the United States, put into place by congressional action signed by the President after due debate, to provide humanitarian assistance and to permit the Department of State to solicit funds. We went about it very carefully and considered it last summer because, with the delays, you remember, in enacting the final appropriations—even though both Houses had voted—the resistance was having great trouble. They were incurring debts. They didn't have funds.

And so in discussions with Assistant Secretary [for Inter-American Affairs Elliott] Abrams, we tried to think

through where we might properly solicit some funds. We wanted to be very careful that we lived completely by the spirit, let alone the letter, of the law and didn't get involved with a country where it might be thought that we had tremendous leverage, say, because of our aid program or something of that kind. So we were very, very careful about that.

We did successfully persuade one government to make a contribution. So that is what we did. The discussions with the government were conducted by Assistant Secretary Abrams but with my authority, explicitly, and I feel very good about anything that I can do to support the people in Nicaragua who are fighting for the freedom and independence of that country.

If you don't think it's of any significance, let me just read you, as a snippet, a little insight into what's going on down there from excerpts from a report I got the other day from our embassy in Nicaragua. There are people in our embassy who have been around. I'm just reading from this report.

"The Nicaraguan communists celebrated their anniversary this year on November 7, exactly the anniversary date of the Bolshevik Revolution in Russia. The Soviet motif was nicely carried through as the special foreign guests here for the 25th anniversary were taken by the Nicaraguan host night after night to performances of the Bolshoi Ballet. Fragments of 'Swan Lake' passed before the eyes of Third World revolutionaries and rustic Sandinistas whose sensibilities to the expression and synchronization of the dance are, to put it kindly, imperfectly developed. But Nicaraguans are getting used to all the Kremlin arts, both the arts of peace and those of war."

Those of you who know our mission can probably figure out who wrote this.

"For anyone who has been in Moscow's Red Square on November 7, what happened here on that day and the next was redolent with similarities evoking those sounds and sites."

"In Moscow the November 7 parade was always worth very careful attention because it tended to reveal both what the leadership thought it most important to say about Soviet society as well as some aspects of its true nature."

"All of the things present in Moscow, or almost all, were to be found in Managua on the day of its parade, November 8. Just as the Soviet Defense Minister begins the ceremonies by taking the salute of his troops standing in an open car, before returning to the top of the Lenin Mausoleum to join his colleagues for the march pass, so Humberto

Ortega did the same in Managua to the recorded hurrahs of the troops. Then the parade began with various Sandinista units marching in tight, perfectly formed squares, using the port arms tradition of the Soviet forces and the goosestep borrowed from the Prussians by the last Czars for their household regiments, but in our time sharply odorous of Nazi parades. Then came armored personnel carriers."

Chairman Fascell. Is that a regular mission report to the Secretary of State?

A. This is a special—

Chairman Fascell. I think we got the drift. Could we just put that in the record?

A. Let me just finish it because I think you ought to hear it.

"Then came armored personnel carriers, towed artillery, and tanks. The only thing missing from the Soviet model was the intercontinental ballistic missiles with the warheads painted red which always bring up the end of a Moscow parade.

"The Nicaraguan troops are uniformed exactly like Soviets. The Marines looked just in from the Baltic fleet at Kronstadt. The infantry formations could have been Soviet regiments, uniformed and sand-colored fatigues for Afghanistan. The T-55 tank commanders in their leather helmets were directly out of a Soviet-armored division, and the reservists carried in Soviet trucks with their wide-beamed Soviet helmets recalled the motorized rifle divisions one sees in the western military districts of the Soviet Union."

So that's what's going on down there.

Mr. Hamilton. We appreciate your appearance here today. As I understand your testimony at this point, you've said that you personally opposed the sale of arms to Iran. And, secondly, you said that you did not know of the diversion of any of the funds to the *contras* until it became public or shortly thereafter.

I have two things I'd like you to comment on. Mr. McFarlane [formerly Assistant to the President for National Security Affairs] has said publicly, "I talked to the Secretary of State repeatedly and often of every item in the relationship with Iran."

Secondly, I'd like you to clarify for me what the Administration believes the mistakes to have been. The President has said, "I did not make a mistake." And then in his radio address the other day, he said, "Mistakes were made." I think it's

important for the Congress to understand how the Administration analyzes this event.

Was the mistake in supplying arms to Iran? Was the mistake in diverting funds to the *contras*? Was the mistake in not informing the Congress? Just what is it that the President referred to when he said that mistakes were made?

A. Very clearly, it was a mistake to get involved in the illegal funds transfer. That, I think—

Mr. Hamilton. To the *contras*?

A. To the extent—I don't know the ins and outs of that. I don't want to act like a judge passing judgment on what happened—I don't have the facts—but from what I have seen and what the Attorney General said, some things took place that were illegal, and so that's clearly a mistake.

I might say it's not only a mistake because it's illegal, but it has confused the situation insofar as our support for the Nicaraguan resistance is concerned and unfairly to them, because they have no part in that. So it's a mistake from that standpoint as well.

I do not know in detail—in fact, I don't know much at all about the arms transfers that apparently took place in the calendar year 1986. I know more about what took place during 1985, and I'm prepared in a closed session, based on documents that I have, cable traffic and notes that were taken at the time—and I don't claim that my notes encompass everything that I knew, but I've tried to stick in my—what I've prepared for a closed session to things that I could be pretty confident of, recognizing that in these things when you go into them and you are questioned and people remind you of this or that, it jogs your memory.

But at any rate, I knew that arms transfers to Iran were periodically considered after June 1985 as part of an effort to improve relations with Iran and secure the release of our hostages. There was considerable discussion between Mr. McFarlane and me about that and, at least on one occasion that I distinctly recall, with the President.

I learned—not as a result of being involved in the development of the plan but, so to speak, as a plan was about to be implemented—I learned in various ways of two proposed transfers during 1985. But I was never informed and had the impression that they were not consummated. I later heard that one shipment had misfired—that is, it had been delivered, but due to Iranian rejection of the arms involved was not consummated.

I knew that in December 1985, following a full-scale discussion of this matter with the President, that we instructed a mission that talked with the Iranians that were the interlocutors, or representing themselves as the interlocutors; they were told on instructions that we would engage the Iranians in a dialogue if they released our hostages but that we would not sell them arms. That was an explicit part of the instruction that the President authorized.

So there was, you might say, a period of time from more or less the middle of 1985 until this period following the December meeting in which there was a fair amount of discussion of the subject—and I expressed my views during that period—in which some things were apparently structured—I can't tell you exactly how—but which, so far as I could see, never came off.

And at the end of this process, after a full discussion, wanting to see the dialogue with Iran continue but having become convinced that there shouldn't be an arms transfer connected with it, the instructions that I referred to were the instructions of the mission.

The subject was reviewed again by the President in a full-scale meeting in January 1986. This was not a meeting in which an explicit decision was stated. People made arguments. I made my arguments.

However, I could fairly conclude from the meetings that the point of view that I thought had prevailed in December was not—didn't seem to be prevailing, but it wasn't as though there was some sharp decision.

I learned in November that a finding was made authorizing, among other things, arms sales, but I was not informed of that finding at the time, so I can't tell you anything about the thinking that went into the finding as such. That came as a—

Mr. Gilman. The finding was in January—

A. The finding was in January, and I was notified of it at about the same time as you were notified of it. I did not learn about any transfers of arms during 1986 in a direct way, but, as is always the case, you have bits and pieces of evidence float in, and so I weighed in on the basis of that, restating my views. What I heard was conflicting; at times that there was some sort of deal or signal in the works and at other times that the operation was closed down. And, in fact, the word used at one time with me was that the people involved had been told to "stand down."

So, again, there was this ambiguity from my standpoint. I would say to you

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that I did take the position, in part because of all the problems that we have with leaks and recognizing that if the President's initiative had any chance of success, it would have to be a secret initiative for all the reasons that have been developed—perfectly good reasons—that whenever I would be called upon to do something to carry out those policies, I needed to know, but I didn't need to know things that were not in my sphere to do something about.

This past weekend our Ambassador in Beirut, Mr. John Kelly, responded to an all-post directive that we put out. We put out a directive from the State Department—and I don't have the date of it, but shortly after this investigation started—telling our posts to discover anything that they had about this, to secure it, and to make it available here in Washington. So I got a response from Mr. John Kelly, and I will read his response.

"I met in Washington in July or August 1986 with Robert McFarlane who briefed me on the hostage negotiations involving arms to Iran as an inducement. Between the dates of October 30 and November 4, 1986, I had numerous conversations with Lt. Col. Oliver North [deputy director for political-military affairs on the National Security Council staff] and Richard V. Secord [retired U.S. Air Force major general] relating to the hostage negotiations with Iran. During that period I received and sent numerous 'back channel' messages to and from the White House, Admiral Poindexter [Assistant to the President for National Security Affairs], concerning the hostage negotiations. Those messages were transmitted and received in what is referred to as the 'privacy channel' using CIA communications facilities.

"In accordance with our standard practice at Embassy Beirut"—which they have to do, given the situation there—"all of that message traffic was destroyed thereafter at my direction." That is a standing order in a post like Beirut—nothing wrong with that. I would assume that copies may be available at CIA Headquarters or at the White House Situation Room.

"With regard to my conversations with McFarlane, North, and Secord, I stand ready to discuss them with appropriate officials upon the Department's direction."

I have instructed Ambassador Kelly to return to Washington immediately, bringing with him all records of such activities to be available to the FBI and other appropriate investigative bodies. I

am, to put it mildly, shocked to learn this after the event from an ambassador, but, at any rate, I am just reading you this report.

Throughout the entire period, I opposed the transfer of arms to Iran until Iran stopped the war in the gulf, ended its support for terrorism, and obtained the release of the hostages. Throughout the entire period, I fully agreed with the President's objective of finding a way to modify Iran's behavior in a manner consistent with our strategic interests and those of our friends in the region and around the world.

The President has confirmed publicly that he believed in principle in the light of all the circumstances that we should use a limited amount of arms to send a signal. There are legitimate arguments to be made in favor of this decision, and the President has made them, and I fully accept their legitimacy and the legitimacy and propriety of the President's decision and right to make that decision and support that.

It's difficult for me to talk about particular incidents without violating security requirements, to give you a full accounting, which, as I've said, I'm perfectly prepared to do, but it must be done in a way that is proper. But I believe a review of the classified records—if you go through it with me—will support the statements that I have made, and it will also show that my knowledge of what took place was sporadic and fragmentary and materially incomplete. So I'm not the witness to tell you all of the things that took place, because I'm not informed.

Insofar as any question—I'm repeating, but I want to repeat—any question of diversion of funds to support the Nicaraguan Democratic Resistance, my knowledge was not fragmentary. It was non-existent.

Chairman Fascell. The committee will be happy to receive those classified documents and hold them in accordance with the rules of the committee.

Mr. Lagomarsino. Has the U.S. Government undertaken a counter-intelligence review of the Iran initiative and related events to determine whether the U.S. Government fell for a covert action by a third country?

A. We are reviewing all of our efforts, what took place, carefully, and determining how best to go forward in support of the objectives the President has set out and which, as far as I can see, are broadly agreed to. But we want to make it clear to Iran that they cannot

expect any fruitful relationship with us as long as they fail to exert the influence that they undoubtedly can to get our hostages released and to stop terrorism.

Now, of course, bringing the Iran-Iraq war to an end is a very important objective for us, and we believe that contacts with us, or perhaps we can work with others who do have contacts with Iran, can bring about some change. So far there's little evidence of it.

But, at any rate, we are reviewing matters carefully, and what materials have been denied to us in the State Department—that is, certain materials collected by the intelligence community were not made available to us—those are now available to us. This review is going forward, as I said, under the general direction of Under Secretary [for Political Affairs Michael H.] Armacost at the President's direction.

Mr. Yatron. Did the Inter-American Affairs Bureau at State have any knowledge of or was it involved in the coordination of funds for the *contras* from the Iran arms sales?

A. No. Let me say, not to their knowledge. If there were some funds put somewhere that were useful, then they were trying to provide—properly—humanitarian aid when that was authorized, and, since the \$100 million authorized, they've been involved in that, and there is an explicit congressional mandate for the State Department to play a strong role in that, and we're trying to do that.

But nobody in our bureau that I know of, and I'm certain Elliott Abrams and his group, had no knowledge of this Iranian funds transfer question at all—zero.

Mr. Yatron. Was the bureau aware of the methods by which the *contras* were receiving lethal aid during the period in which the Boland amendment was in effect?

A. We don't presume to know everything that a person may do somewhere in the government. It was clear that from private sources, presumably, some aid was flowing to the people fighting for freedom and independence in Nicaragua, and personally I applaud that. There's a lot of aid flowing from America to the Nicaraguan communists. There are quite a few Americans down there. That's their right to be. And it shouldn't be surprising that there are Americans who want to help the people fighting for freedom.

Mr. Yatron. To what extent do intelligence operatives from other agencies apprise the bureau of their

activities with respect to coordinating funding for *contra* operations, and does the Assistant Secretary for Inter-American Affairs receive such reports?

A. He does, and he chairs the inter-agency group that includes people from all of the agencies involved whose task it is to evaluate what is going on and to make recommendations, if needed, for new legislation or what our policies should be and to oversee the tactics involved.

Mr. Yatron. From the management standpoint, are you apprised on a regular basis of the Department's involvement in *contra* operations by Assistant Secretary Abrams, and do these reports include summaries of the intelligence community's operations?

A. I see reports from time to time. I see Elliott Abrams frequently, and so I try to keep abreast of what is going on as best I can. I have lots of things to keep abreast of, but I do try to stay informed and, of course, most importantly, to see that the people involved are strong, capable people, and I put Mr. Abrams down as one who knows what he's doing.

Mr. Gilman. We appreciate your candid response, and you've demonstrated once again why so many of us on the committee have full confidence in the manner in which you have approached this problem.

I'm disturbed about the mistakes that were made, as many of us on the committee are, and I think one of the serious mistakes is a lack of consultation. And what I'm concerned about now is the disclosures you've made to us, since you did have some knowledge and since the State Department had knowledge prior to the event, why there was not consultation with the Congress. There are several statutes that require consultation, particularly Section 15 of the State Department's Basic Authorities Act which sets out the Department's responsibility to keep us informed with respect to activities that are within our jurisdiction.

Can you tell us whether you were under any constraint, or whether the Department was under any constraint, not to reveal any of the information with regard to the Iranian arms sales?

A. No. We were, of course, bound by decisions that would be made about something that was to be held in confidence. But as far as our measuring up to our responsibilities was concerned, we were engaged, you might say, in an argument about what should be done.

And there were these incidents that came along that I have pointed up for you, without being in a position to, for various reasons—partly lack of knowledge, partly because of the nature of the open hearing here—to give you full information about them.

Mr. Gilman. But once the project was underway, didn't you feel that the Department had a necessity of consulting with the Congress with regard to these initiatives?

A. I don't feel that we should sort of bring all our internal debates to the Congress, particularly on something like this. Of course, policy toward Iran, policy toward terrorism—all of these basic things that have been laid out, we have discussed here in the committee many times.

Mr. Gilman. But I'm not talking about debate. I'm talking about the actual operation that was underway. Once that was underway, and some of that was brought to the Department's attention, wasn't there a responsibility for the Department to consult with Congress?

A. Perhaps so. I'm not here to claim that my actions in all this were all that they should be—you'll have to judge that for yourself—and I can tell you what I knew and what I did.

Mr. Gilman. You mention Ambassador Kelly's report to the CIA but a failure to report to your office. Is that an unusual or a unique situation or something that's in violation of any of the State Department's regulations?

A. I hope it's unique. There is supposed to be—I say supposed to be—a chain of command that goes from the President to me—not to the NSC [National Security Council], to me, and through the Assistant Secretary, by and large, to the ambassador. That's the chain of command—

Mr. Gilman. And is that a violation then?

A. —and if something comes up that causes an ambassador to go outside the chain of command, there needs to be a good reason. Now, it may be very well that Ambassador Kelly will say that he was told on the authority of the President that he was supposed to do this and that, and I would think that he would have checked with me to see if that were so.

Mr. Gilman. Who would enable such an ambassador to waive that responsibility?

A. At this point, all I can tell you is the cable that I got. I don't consider it a satisfactory situation.

I think we should recognize, however, what life is like in Washington. Now, come on, here we are, and who was it—the Canadian Ambassador—coined the phrase, "It's never over." Nothing ever gets settled in this town. It's not like running a company, nor even a university. It's a seething debating society in which the debate never stops, in which people never give up, including me, and so that's the atmosphere in which you administer.

And what I try to do is stay as close to the President as I can—and I feel very close to him, and I admire and respect him tremendously, I think he has transformed the situation—done a marvelous job. I try to stay very close to him, and I support his policies. I don't win every argument, by a long shot, but I am in the arguments, and when the President decides something, then I do my best to make it work.

Chairman Fascell. The evidence is quite clear, it's very, very—almost impossible and incredible to bypass all of the institutions of government and the checks and balances built into our system in an effort to drive a policy decision.

A. I think it's also true that anyone in this town who does something, let's say is controversial and who thinks it can be a secret, should have his head examined.

Chairman Fascell. I certainly agree.

A. You should say to yourself, how is this—how am I going to defend this when it comes out? It's going to come out. Now, I personally believe that there is a lack of discipline in the government beyond what I remember when I was here before, which makes it difficult to operate, and there are things that should be done secretly and which should not be consulted about.

I'll give an example. Last September we were in the final throes of our negotiations on confidence-building measures in the CDE [Conference on Confidence- and Security-Building Measures and Disarmament in Europe] in Stockholm, and, clearly, the negotiation was coming toward the short strokes, and the Soviets were beginning to adjust their position. And it was clearly the time in the bargaining when we should try with our allies to strike a deal if a good and reasonable deal in our interests was available, and we felt it was.

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And so with the President's authority, we changed our instructions to our ambassador to give him some negotiating room. The new instructions promptly appeared in *The New York Times*, about the same time they arrived for our negotiator. So that pulled the rug right out from under him. You give away his negotiating position. You don't want to tell the other side that you're willing to do X; you want to hold that and get something for X. And it just drives you crazy. The ambassador got it straightened around, and we wound up with a good deal, but it was a very embarrassing and deleterious incident. And, of course, it makes other countries feel, how can they deal with us when we have no capacity to do anything in a properly secret way. There are lots of things that have to be that way, and which you shouldn't be consulted upon, because there's no need for that.

Mr. Solarz. For 6 years, the Administration has said it would never yield to the demands of terrorists, pay ransom for hostages, or sell arms to states that sponsor and support terrorism. It now turns out that we have done all three.

How could this have happened, how much damage has it done to our credibility, and what assurances can you give us that it won't happen again?

A. The President decided to give a signal. I'm just quoting the President here. He's made a public statement of what he authorized and why, and he has acknowledged that in doing so, he recognizes that there were risks as well as potential benefits, and he had to weigh that.

Right now, because of the way this has blown up, the emphasis is all on the risks. I dare say that if somehow we had our hostages all returned, and we saw a different kind of situation in one way or another emerging in Iran, and this came out, people would say, "Well, the President showed guts. He took a risk, and he knew that if it didn't work out, he would get panned, but he did it for a good purpose."

So I've told you what my opinion was, but I believe the President's decision was a perfectly legitimate decision, and at this point, perhaps in part because it all has emerged the way it has, it has not succeeded as he wished.

Mr. Solarz. Were you consulted or informed about the request of Lt. Col. North to Ross Perot [U.S. businessman] to pay \$2 million in ransom money for the release of our hostages?

And is it conceivable to you that Lt. Col. North would have made such a request without the approval of the President or some higher authority?

A. I was not informed. So far as I know, the President wasn't informed. But I have no knowledge about Lt. Col. North's activities in this regard. I think the offer of Mr. Perot, if that is what took place—I don't know; I just read about it—I think it's outrageous.

Mr. Leach. You come before us as a man of very great integrity. You've been a good soldier even when I think many of us considered the Administration's policies very, very wrong. In the past, when those of us have differed with you, the issues have entirely been those of judgment and policy. It appears today we have a political crisis that's become a constitutional confrontation.

A. I don't believe it's a constitutional confrontation at all. What the President has done is move out people who seem to be involved. He has put in a new and outstanding National Security Council director [Frank Carlucci]; he has asked for the appointment of a Special Prosecutor; he has said that he will make available to the Congress and instructed me to come here and talk to you. Where's the constitutional crisis? There is no constitutional crisis.

Mr. Leach. It revolves around the issue of whether a war can be illegally prosecuted. But before getting to this, I was intending to say something further, kind about yourself.

A. Please. [Laughter]

Mr. Leach. In this confrontation, it appears to me that you and the Department have stood rather firmly on the side of law, and I personally think it would be ironic if your job were placed in jeopardy. Frankly, I hope it isn't true that the only thing worse in public life of being proven wrong is to be proved right when your boss is visibly wrong.

A. I don't say that I've been proved right. It could very well have come out some other way.

Mr. Leach. It may be the case. In any regard, my question is aimed at the future. We all know from history that leaders, when they're embattled, sometimes are prone to seek outlets in belligerency sometimes even more.

My question is, given the great prospect for arms control, given the prospect as well that there might be an island somewhere—potentate somewhere—that might be bombed, can you assure this committee that

there is a good chance that we will seek peace and arms controls, an anecdote to this scandal, instead of some sort of outbreak of political or military crisis?

A. I can assure this committee that the effort to deal with the present Iranian matter that we're discussing here today is going to have nothing to do with decisions about arms control or other activities. Those have to stand on their feet.

What I was trying to do in my opening statement, and I believe in doing so I was following what both the chairman and ranking member were recommending, is to say that in addition to doing the investigating, the important thing is to get on with the business and to let the people who are supposed to do the investigating investigate. But let's not get it put in the center of all activity so that we're paralyzed. We are not paralyzed. We are working hard on all of these issues, including the issues of arms control.

There, at least in my judgment, we're finally getting up and on the table, at least the numbers of dramatic reductions in intermediate-range missiles on an equal basis. It really fulfills the strategy and tactics involved in the NATO dual-track decision—that was a big achievement—in getting the numbers up and on the table and the beginning of counting rules and the beginning of some interstructure for drastic reductions in strategic arms. That represents a tremendous advance.

We are a long way from agreements. And so our task is somehow to capture that common ground that we arrived at with the Soviets and capitalize on it. It's a hard thing to do but we are actively trying to do it. Max Kampelman [head of the U.S. delegation on arms control negotiations] spent last week in Geneva with his counterparts, for example.

Mr. Bonker. As you know, this committee is primarily interested in the foreign policy implications of these activities and, specifically, where those activities were contrary to U.S. policy: (1) contrary to our official policy of our government of not shipping arms to terrorist nations; (2) contrary to this Administration's stated policy of neutrality in the Iraqi-Iranian war; (3) contrary to the explicit policy of the Congress on not giving military assistance to insurgent groups which were engaged in the overthrow of the Nicaraguan Government; and (4) contrary to the enunciated policy of both the White House and the Congress on efforts to get the allies to quit doing business with terrorist nations.

As the Cabinet officer who is responsible for the conduct of this nation's foreign policy, if you are telling us this morning—and I believe all of us feel you're stating the truth—that your role was zero or nonexistent, then how is it possible—

A. My role is nonexistent insofar as the apparent reported use of funds generated by sales of arms to Iran and the diversion of those funds to help the Nicaraguan resistance. I knew nothing about that. I did not say that I knew nothing about any of the other things. Quite to the contrary. I tried to tell you what I knew about it.

Mr. Bonker. I appreciate that clarification. But, nonetheless, many of these activities were directly contrary to the stated policies of our government. My question is, how is it possible for this duplicitous activity to go on? In other words, how is it possible that another agency, aside from the State Department, is engaged in activities or operations that are contrary to the official policy of the United States?

Shouldn't the State Department assert its natural constitutional, proper role over the conduct of the foreign policy so we don't end up with contradictory policies that possibly confuse not only our allies but people here in America?

A. First of all, the President made a public statement explaining his reasoning for sending a signal, a signal involving arms transfers that you have characterized in various ways and which have been widely characterized as such. There is a whole other side to that argument which the President presented, explaining to the American people and to you why he decided to send that signal, knowing full well the risks involved but seeking an objective that, if it could be achieved, I'm sure that everybody would applaud. So that's a decision that the President made, legitimately.

Now, insofar as the State Department is concerned, I believe it is correct to say that we do not have a foreign policy in the State Department; the President has a foreign policy. I work for the President. We are engaged in a process, and I am, by directive and by common understanding and I hope by my association with the President, principal foreign policy adviser to him. But it is the President's policy. It's always been clear to me, and I try to keep it before me in my 10 years of experience as a Cabinet officer, that I didn't go out and get elected. The President did, so he's the boss. He's the guy that calls the

shots, and I try to help him formulate policy, and I try to help him execute it.

I believe that the conduct, the operational conduct, of diplomatic activity should be lodged in the State Department and by and large it is. If there is a lesson out of all this, insofar as how things operate are concerned, I think the lesson is that operational activities and the staff who are conducting operational activities out of the National Security Council staff is very questionable and shouldn't be done except in very rare circumstances.

The example is given of Henry Kissinger's diplomacy with China, and, of course, that's spectacular. Everybody refers to it. It was a wonderful thing. On the other hand, to the extent that it causes other people to aspire to be Henry Kissinger, it can get you into trouble. There's only one. They broke the mold when they made him.

Mr. Studds. I think we may have gotten some sympathy from one another, that is, the committee and the Secretary of State. All of these years, we've sat here in great frustration, not being able to find out what was going on, and now we learn to our even deeper frustration that neither the Secretary of State nor the President knew what was going on in some of these cases. I don't mean that facetiously. I understand and I sense some of the agony in what you've said.

There is an op-ed piece, as I suspect you know, today in *The Washington Post* by the Director of Communications in the White House [Patrick J. Buchanan] which comes perilously close to saying, and I think one could say does say, that the end justifies the means, at least in the case of American policy in Central America.

Mr. Buchanan says the President is right. Oliver North is an American hero, and he says things about his kidney and spleen and his heart and his soul and when we cease to produce soldiers with said qualities, that this country has gone into an irreversible decline. He calls them the Billy Mitchell of this generation. And the clear message of that piece is that, thank God, there's someone around here with guts, notwithstanding what the law or the niceties of the law may or may not have been, to do what is so clearly in the eyes of this Administration, right.

Last October, Mr. Abrams of your Department told a subcommittee of this committee over and over and over again that the U.S. Government—no

agency, no official of our government—had helped to finance or to facilitate or to direct flights from El Salvador carrying military supplies to the *contras*.

Since that time, as you very well know, we've had a lot of disturbing reports. We understand that phone calls were placed to U.S. officials in Washington by those involved in the air supply operations. We understand that flights were closely monitored by military officials attached to our embassy in San Salvador. The same planes, the air crew, the secret landing strips were used by the State Department to send nonlethal aid as were used to send the military supplies. Our ambassador in Costa Rica apparently unsuccessfully sought permission to use a small airfield in that country to assist the flights and all of the flights involved with the active cooperation of the Governments of El Salvador and Honduras with which presumably we exercise some considerable influence.

I wonder if you could take this opportunity, first of all, to tell us what you knew and did not know about the extent to which the U.S. Government in that period was, indeed, involved in these flights. And, secondly, would you associate or disassociate yourself from the implicit assumptions of the column by Mr. Buchanan that the ends clearly justify the means and that disobedience and disregard for the law is justified when in one's own mind one is as sure as this President and his subordinates apparently are that they are right?

A. I don't believe that a constitutional officer has a right to declare himself above the law. You have to carry out the law.

In the various Cabinet jobs I've had, there are a lot of laws that the Congress has passed that I didn't agree with. When I was Secretary of Labor, I didn't agree with the Davis-Bacon Act but I administered it as safely as I could. I made no secret of my view of it. But, nevertheless, you have the obligation to administer it properly and so on. So any officer has that obligation, and there is no way to explain away a turning-away from that obligation.

I believe I have made myself clear, reading longer than the chairman wanted me to, on some stuff about what's going on in Nicaragua that I believe, at the emergence on the American land mass of a Soviet-communist state, is a threat to our security, and we need to take it seriously. I believe in the votes of the Congress, that have now put in place the

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program that we now have there, has come to be a general agreement about that and I fully recognize. Lots of people here don't.

I believe there has come to be a perception of what kind of regime the Nicaraguan regime is and there's very little argument about that.

So to the extent that I can properly lend a hand to the Nicaraguan resistance, you can count on the fact that I'm going to do it.

As I testified earlier, in response to a question about assistance, I also pointed out that that was done absolutely in accordance with the law, and I quoted the law to you.

Now, as far as activities are concerned and exactly how they went on, I don't try to keep track of all of that although I try to stay generally informed. I think that you have to recognize that the program of humanitarian aid, which was voted by the Congress, necessarily has to get delivered to the people for whom it was intended. Right? We ought to get it there. You've got to account for it as best you can, but you've also got to get it there. If you didn't get it there, just kept it in the warehouse, you would not be carrying out the intent of the Congress. So you have to have some means of flying it in, dropping it off, or whatever. That's part and parcel of what the intent of Congress was, and there should be no problem about that.

Intermixing it with arms is a problem, but I don't see any reason why there's anything wrong with an ambassador trying to see how he can help arrange, or a military officer seeing how he can help arrange, to have these authorized materials delivered to the people they were intended to serve.

Mr. Roth. I think one of the key concerns the American people have is this concern, for example, of the secret Swiss bank account. When you visited Brunei—the Sultan—did you know about that bank account at that time last June?

A. I had no discussion of this matter with the Sultan or anyone else in Brunei.

Mr. Roth. Right. I know you had mentioned that to begin with. But did you know of that account at that time?

A. I knew there was a way in which a contribution could be made. Obviously, a country that you go to is probably going to want to do that secretly and so you have to have a way of doing it. I knew that there was such a way because we had been discussing the subject and trying to figure out, pursuant to the law and in accordance with the law, how we

might get some funds to people who, at least as far as we could see, were desperately in need of some.

Mr. Roth. How did you learn about this if it wasn't a Swiss bank account but there was some method? When did you first learn about that? Was that at the very origin of this episode?

A. You've gotten me sworn all the way to Sunday here. I have to be kind of careful how I answer. This is sort of off the top of my head, this question. But in the middle of the year, we had some discussions about the desperate need of the Nicaraguan resistance for funds. We were all aware of the fact that the Congress—each body had voted funds, you remember, but the parliamentary situation was such that the flow of funds was delayed so we were trying to figure out how can we properly and legally do something about it.

Mr. Roth. When you say "we," who is "we?"

A. "We" is me and my colleagues in the Department. Elliott Abrams, of course, had the lead responsibility, and others in the Department took part in the discussion as we properly should.

Mr. Roth. You had mentioned on numerous times that you talked to the President and you were opposed to this policy.

A. No, I wasn't opposed to this policy. I was very much in favor of the policy of helping the Nicaraguan resistance, which is what you're asking me about.

Mr. Roth. I'm talking about the arms to Iran.

A. I was in favor of the objectives that the President was trying to achieve. I was opposed to and very skeptical about the use of arms in that connection. There are lots of things that we can argue back and forth about, and there are legitimate arguments on both sides.

Mr. Roth. In this episode, we are going around in circles so often, I was wondering, you had the President's ear. Do you think that it would be wise for the President to call the people in, whether it's Poindexter, North, whoever was involved, and say, "Okay fellows, what are the facts?"

A. I certainly would welcome finding out what the facts are, and I think the sooner people can get the facts the better. I don't know what the proprieties are. Both those people have sought counsel, as they're entitled to do as American citizens. They have apparently, on advice of counsel, decided that they are not going to discuss their activities.

Maybe the President could persuade them otherwise. I don't know whether it's proper to do that or not. I see half of you are lawyers. I'm sure you would have a better opinion on that than I.

But I would like to see, as a citizen, let's get the dope out here, deal with wrongdoing where it's found, and let's get on with the nation's business. That's what I'm trying to focus on.

Mr. Mica. You appointed me to your commission on terrorism. I served on it for 18 months.

A. And we appreciated your service. You were a strong, effective, and good member of that.

Mr. Mica. I thank you, and I appreciated the opportunity. But I just would say that I feel somewhat betrayed, as I indicated to you, that for 18 months, we were told that concessions were the only sure way to see more acts of terrorism. And, indeed, now we see that concessions were a separate route.

A. If I may just interject. The President has repeatedly said that it was not his intent to swap arms for hostages. When you have something that has a variety of objectives to it, these things can get mixed up. But, at any rate, he has stated his objective, and you know that because you've heard it.

Mr. Mica. I understand that. But I note, for instance, that eight times in your 12 pages, or 13 pages, of testimony, we talked about fighting terrorism.

A. I'm very big on that.

Mr. Mica. For 24 months, we worked on a bill and the group worked together, and we find the combined wisdom of every group that I worked with and you worked with recommended against this type of proposal. I would just indicate, too, as I recall, Col. North sat on—and sits still on—the interagency group to combat terrorism.

A. I don't think he sits still. He's never sat still.

Mr. Mica. He sat on it. [Laughter] I think you're right there.

Obviously, at that time, he was not telling us the information or giving the information to the State Department or not carrying back what had been said. Three quick points I have, though. You have revealed here today that we have either a rogue ambassador or one who was directed not to tell you. I don't know what the situation is but I hope you can report to us as to what is done about that.

A. I've already reported to you that we sent out an all-post directive promptly. He responded fully and in good faith, and he has been—

Mr. Mica. But we don't know who directed him not to talk to you.

A. —and he has said that he's ready to make his information available. So we'll find out.

Mr. Mica. *The Miami Herald* has reported yesterday that the U.S. Government had direct information that Iran paid \$2 million, I believe, for the killing of our Marines in Beirut, and we had this information at the time that this policy was initiated. Is that correct?

A. I'm going to pass on that, because it's a very specific question, and I want to be sure that you can get an accurate answer.

The fact of the matter is that Iran is a country on our terrorist list. We know of many acts of terrorism with which Iran in one way or another seems to have been connected—and connected can include training people, providing funds, providing equipment, providing safe haven, as well as some specific acts, such as the El Al case that the British courts have brought forward. So there are a lot of aspects to it.

Now, it does seem to be true that for some period of time, over a year, there weren't Americans taken in Beirut, and so there was some evidence—I think the President has pointed to that—that conceivably shows the beginnings of a modification of Iranian behavior. But at least as the information that I have suggests, the Iranians at least in some fashion have been involved in the most recent hostage-taking of Americans, and they are involved in cases with other countries. And I make the point to you that we have to be, of course, particularly concerned about Americans. But if we're going to have an impact internationally in the fight against terrorism, we've got to view it internationally, and we've got to be as concerned about terrorist acts against others as we are against ourselves.

Mr. Wolpe. You indicated in the course of your remarks with respect to the arms transfer to Iran, that when you disagreed with that tactic and with the transfer itself, that you felt it was, in fact, a legitimate foreign policy question, and it was legitimate—I think it was your words—that the President consider that approach. Would your view be the same if it were to be found that that arms transfer to Iran, particularly the one that took

place before the January finding, was in violation of American law?

A. I've gone over that question of violating the law. There isn't any authorization on anybody's part to violate a law. There are certain constitutional rights the President has, and there are various directives dealing with this subject, including directives in the national security field as distinct from the direct arms transfer field.

Mr. Wolpe. Why then would it be a legitimate question for the President to consider an arms transfer if it, in fact, were in violation of the law?

A. First of all, there is the question, should we seek privately in some manner designed to be as effective as possible some different kind of arrangement that we hope might change behavior in Iran? The answer to that question was thought by the President's advisers, including me, to be yes, and as the discussion has proceeded and listened to [by] Members of the Congress and others, that by and large people agreed that's the proper thing.

Then the question comes, should the possibility of change in our willingness to sell arms, at least to the extent of giving a signal, be in play tactically? So that can be debated back and forth, and the President has said publicly that he judged that the objective was worth giving the signal. And I've said that's a legitimate judgment to be made.

Having made that judgment, you have to see to it that you execute it in a proper way, and I presume that was the thinking of the Attorney General and others in the January finding.

Mr. Wolpe. Should there ever be a covert policy in conflict with the overt, open policy of the U.S. Government?

A. You have multitracks often in your policy, and I don't think that they're necessarily in conflict. You try to complement one with the other. Some may say they are in conflict but—

Mr. Wolpe. We had an open, public, in fact, established statutory policy of not providing arms to nations, and Iran is specifically on the list of nations, that condoned or practiced state terrorism.

A. We also have other statutes on the books, and we have authorization under the—whatever it is—the National Security Act to do things in connection with other objectives. So it isn't as though the statutes of the United States give a clear and unambiguous picture with one not conflicting in any way with others.

Mr. Wolpe. Have you any knowledge of the use of proceeds from the sale of arms to Iran in Angola, Mozambique, Ethiopia, or any other African country in line with the reports that have been made in *The New York Times* that high U.S. officials have found some evidence that money was transferred, at least to Angola?

A. I have no knowledge of that, just as I have no knowledge of any transfer to the Nicaraguan resistance. My warning flag went up once when I heard about an arrangement that I was told was not any such arrangement, that seemed to suggest that there might have been something going, not necessarily to Angola, but to other countries.

Mr. Wolpe. In Africa?

A. In Africa. But this did not have in mind anything like what seemed to be described or what we're learning about the *contra* fund diversion.

Ms. Snowe. Your presence is very important here today, because, obviously, we need to understand the decisionmaking process that led to the decisions concerning the arms shipments to Iran through all the diversion of the funds to the *contras*.

There are several issues that worry me that, obviously, cannot entirely be addressed here today, but I think these committee hearings are a beginning. Some of these issues cannot be cured by legislative remedies, because it's a question of trust—trust in the executive branch to implement the laws that were enacted by Congress, trust by the President and the American people that those people in a position to implement the laws and the policies will, in fact, do so.

I'm concerned what spawned a mechanism within the executive branch that would focus on circumvention of law or to disregard the trust that's necessary between the legislative and the executive branches as well as between the government and the American people.

You said here today that you made certain arguments before the President on your January 7 meeting concerning the arms shipments to Iran. What I would like to know is, when you made those arguments, I'd like to know what they were, and were you opposed to the arms shipments to Iran because it was bad policy or because it represented a violation of the law?

And, secondly, I'd like to know what the President's response was to your argument and specifically if it did entail violations of the law.

THE SECRETARY

And, finally, you said that you were not aware of the arms shipments to Iran until November when we were all informed. But at the same time you had fragmentary knowledge that this might be occurring. Didn't you think it was your responsibility as the Secretary of State to follow up on that information to find out exactly what was going on, and also didn't you feel that responsibility to raise your concerns again with the President, knowing that you had some information that bears upon this issue in providing arms shipments to Iran?

A. You've asked me—I lost track—about 50 questions.

Ms. Snowe. I'll go back.

A. Maybe you could identify the one you want me to answer.

Ms. Snowe. I want you to answer on what basis did you make your arguments to the President? What were your arguments? On what basis did you make your arguments? Was it on the basis of thinking it was bad policy to send arms to Iran, or, secondly, because it was a violation of the law, and what was the President's response to those issues? And, finally, why didn't you attempt as Secretary of State to find out and follow up on the fragmentary knowledge that you did have on arms shipments to Iran that were occurring?

A. First of all, insofar as the law is concerned, the finding is the way of dealing with that issue, and it is, so far as I know, a lawful finding, and under that finding what was done, so far as I know, was legal. The Attorney General was involved, and so that's the answer to that question.

Insofar as the diversion of funds is concerned, if that took place, then that was not a legal thing to do. That was a violation of the law. The President has made it clear that that was not his policy and was not something that he knew about. So that's the answer to that question.

Ms. Snowe. I guess what I'm asking you is whether or not you mentioned to the President on the January 7 meeting that the arms shipments to Iran could represent a violation of the law?

A. The question of the law was raised in the major discussions, and the point was made, and I think everyone agreed, that if anything is to be done, it has to be done in accordance with the law.

However, that's not—and I don't—that you sort of take for granted. That's

a necessary condition. But the focus of attention, insofar as I was concerned, was primarily on what the arguments were—and are—against an arms shipment to Iran—the policy implications of it. They've been well brought out, just as the President's side of that argument has been well brought out. It's debatable, and it was debated, and one of the things the President does do on issues is hear the debate, so it's a legitimate debate. I don't need to review all the arguments, you know what they are; half of the questions here have dealt with them.

Insofar as was I energetic enough in trying to find out what was going on and keeping—weighing in on it, you'll have to judge that for yourself. I, obviously, as in anybody, you search back and you say to yourself, "What could I have done differently that might have changed the situation?" At times when I learned about something that I thought was way off the rails, I did weigh in, and there were a number of places in the chronology of this in which it seemed to me that the negotiations that tended to have arms connected with them had stopped—had been stood down. So I was glad to know that. I gave an example of one in the December instructions.

I am perfectly willing to accept criticism for not doing as much as perhaps I should have done, and I wrack my brains about that—kick myself here and there. Probably more critical of me than you are. I'm kind of a tough critic on myself.

Mr. Gejdenson. During these discussions with the President, was there concern raised about the notification provisions to Congress?

A. Of course, I didn't know about the finding. It's the finding that had the—and that is a legitimate thing in delaying notification—

Mr. Gejdenson. Correct—

A. But I was not involved in that debate, so I can't really—I'm not the right person to ask that question to.

Mr. Gejdenson. So you're saying that the discussions that you were involved in, at no time was there a discussion about the necessity of the President or the President's people notifying the appropriate committees before Congress?

A. There was a discussion of the legalities and the importance that whatever was done be done properly and legally.

Mr. Gejdenson. And in those discussions, did somebody say at some point, "You've got to go to Capitol

Hill and tell them what's going on here?"

A. Certainly.

Mr. Gejdenson. And was there concern raised about the—

A. That's part of the process that's established in any arms transfer situation.

Mr. Gejdenson. And in that discussion, was there a timeframe discussed, that we have to do this within a certain amount of time?

A. I don't recall the discussion well enough to respond to your question fully, and I was not involved in the discussions that took place among those who put together the finding and implemented it, so I can't really help you on the interpretation of that particular phrase.

Mr. Gejdenson. Do you believe that 18 months is timely notification of the appropriate committees of Congress?

A. This goes back to last January. It's not 18 months—that finding—and the people who have been involved argue that the President properly had that right, and I think that's established.

Mr. Gejdenson. Do you believe that an 18-month delay in notification of Congress is a timely notification?

A. The finding was not 18 months ago. It was in January, and there was an ongoing—

Mr. Gejdenson. Do you believe that 9 months is a timely notification?

A. —process that I was not by any means fully aware of, and the problem that the people conducting it continually faced was, if our chances of success are to be maximized, this must be done secretly.

Mr. Gejdenson. I understand their concern—

A. They confront the fact—I don't say this as a comment about the Congress, but they confront the fact that as you add additional people who are knowledgeable about what is going on, you increase exponentially the risks of the secrecy being blown.

Mr. Gejdenson. Colleagues are pointing out there's a significant amount of activity before the finding—but I want to put all that aside. We understand what the law is. The law says there has to be a timely notification of Congress. When that became law, Presidents understood the problems that as you increase the number of people that know, you increase the possibility word may get out.

But we have the law to deal with, and if part of the work of this committee is to make that law more workable,

I guess what we have to find out is, what do you consider to be a timely notification of Congress within the law?

A. So far as I know, there have been two instances where a deviation from prior notification and consultation has taken place. One was the case in President Carter's Administration of the effort to have a rescue of our hostages in Iran, and that was carried out without prior notification, so I understand it, on exactly these grounds—that if you notify—the more people you notified, the more chance of leakage, and so on. I wasn't involved in that, but that's what I've been told.

This again was a case where the President felt that this could not be done publicly. If it were to be done, it had to be done secretly and that if it became public, you would jeopardize the effort, and you would jeopardize the lives of some of the people involved. So it was apparently ongoing. I'm not the person to testify before you about the ins and outs of this, but it was ongoing. And there were—and judging from the cable from Ambassador Kelly, right until very recently—prospects of something different happening. So that is the reason why the notification didn't take place.

Mr. Solomon. I see the time is approaching. You just have a few minutes, and you have to leave, and I understand that, and I will probably reserve my questions. What I wanted to do in the first place was to devote at least half of this time to an executive session, because I really think that the committee has the cart before the horse. It seems to me that you are put in a very extenuating circumstance, as was President Reagan when he held a press conference not so long ago and was severely criticized by the press, because he had to be very careful about what he said publicly because of legal restraints on classified information. And I think that all of us should have had that information under our belts before we subjected you to answer the questions. I think we could have properly approached the question.

So I want to commend you. You know, you and I have differences on issues such as the China-U.S. communique. I disagree with the President occasionally on things. But you're sticking with the President, and I'm sticking with the President, because I believe him and I believe in him, and I'll save my questions for the executive session.

Chairman Fascell. I want to thank you for joining us today, and, as you can tell, more questions have been raised than can be answered right now. But we appreciate your willingness—

If members would like to [present questions in writing to the Secretary], we'll make the record available for that purpose. I would hope, however, that we can continue this more in depth in the executive session, but I'll certainly—the gentleman has a right to submit questions at this point.

Let me say, first of all, Mr. Secretary, that we thank you very much—your willingness to tell us all you know. It seems quite clear at this point that you can't run foreign policy successfully by bypassing your Secretary of State and the Secretary of Defense, the Joint Chiefs of Staff, the National Security Council, and the Congress. You might be able to do something in secret for a short period of time that is essential to the security of your country, but without waiting for all of the evidence to come in, it is quite clear already that an operation of this size, having this sensitivity, and impacting on so many laws of the Congress and fundamental decisions of

our society with regard to checks and balances and wisdom that is available is not a good way to operate.

I'm sorry, frankly, that you've been put in that position as Secretary of State, because I know that you've done your level best to administer the laws and to be faithful and loyal to the President of the United States. But this is a country of laws and not of men, and as you have said yourself, no one—no one—is above the law. So we'll wish you well on your trip, and we'll see as soon as we can get together on a date to continue this matter with the Foreign Affairs Committee in executive session.

¹Members of the committee who participated in the question-and-answer session with the Secretary were Chairman Dante Fascell (D.-Fla.), Gerald B.H. Solomon (R.-N.Y.), William S. Broomfield (R.-Mich.), Lee H. Hamilton (D.-Ind.), Benjamin A. Gilman (R.-N.Y.), Robert J. Lagomarsino (R.-Calif.), Gus Yatron (D.-Penn.), Stephen J. Solarz (D.-N.Y.), Jim Leach (R.-Iowa), Don Bonker (D.-Wash.), Gerry E. Studds (D.-Mass.), Toby Roth (R.-Wis.), Dan Mica (D.-Fla.), Howard Wolpe (D.-Mich.), Olympia Snowe (R.-Maine), and Sam Gejdenson (D.-Conn.). The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

²Press release 258. ■

Secretary's Interview on "Worldnet"

Secretary Shultz was interviewed on December 16, 1986, by news correspondents in Rome, Bonn, The Hague, Mainz, London, and Paris. The interview was broadcast live on "Worldnet," a satellite TV program of the U.S. Information Service.¹

Q. The Italian public opinion is very disconcerted because while on one end the United States criticizes the Italian behavior of the *Achille Lauro* affair, the U.S. Administration itself had already begun its secret negotiations with Iran. What's your opinion about this?

A. My opinion is that we have to recognize problems in the Persian Gulf area, and recognize that if it's possible to see Iran in a somewhat different stance, to see Iran stopping its use of terrorism, to see Iran ready to negotiate an end to the Iran-Iraq war, and to use its influence to see hostages given up, that that would be a good thing.

The controversial part of this effort was the readiness or agreement by the President to send a signal in the form of an arms transfer, and there are arguments in favor, as the President has given, and there are arguments against which are all on display right now. So you can argue that point back and forth.

But I want to make it clear what the U.S. policy is and has been. First of all, we want to see an end to that war. Second, we observe that right now it is Iran that refuses to find its way to a negotiated solution. So, number three, our basic policy, which has been reaffirmed, even though it had this slight breakover, our basic policy is that we should not sell arms to Iran and we should encourage others not to do so in an effort to deprive Iran of its war-making capability. And, of course, we are unalterably opposed to terrorism. Iran remains on the terrorist list of countries. And, obviously, as in any country, we want to see our hostages returned. That's our policy.

THE SECRETARY

Q. Can a repetition of this situation be excluded in the future?

A. I think so. The President has stated unequivocally that he considered it a wise move to give a signal. The signal has been given and no further signals are necessary.

Q. [Assistant Secretary of Defense for International Security Policy] Richard Perle spoke in an interview in the last days about relations between Bonn and East Berlin. Did he express your official position of the United States?

A. I don't want to make comments on what other people have said. Obviously, Assistant Secretary Perle speaks with authority and with a lot of knowledge. But let me just simply say this. Our relationships with the Federal Republic of Germany are strong. Germany is a wonderful ally. It does a fine job as a contributor to the alliance. All of us could do more, including the United States. But as far as I'm concerned, I'm very well pleased with the relationship we have in the alliance and directly with Germany.

Q. Would you encourage the West German Government to continue the process of detention with our Eastern neighbors?

A. I don't quite know—the word “detention” means to put somebody in prison or something. But I think you must mean “detente” or “opening” in your question, and I'll interpret it that way.

Certainly, I think that it is important—and we do it in the United States—to see if a more constructive relationship can be developed with the countries of Eastern Europe. And it's only natural that the Germans in the Federal Republic of Germany should want to reach out to Germans in East Germany.

Q. At the NATO meeting in Brussels last week, the Dutch Secretary of State, Mr. van den Broek, seems to be one of the few Europeans who supported the outcome of the Reykjavik summit in respect for the total elimination of all ballistic missiles in 10 years.

That part of the Reykjavik outcome wasn't mentioned in the final communique in Brussels. Why didn't you support Mr. van den Broek's position?

A. First of all, the meeting was notable for the broad measure of agreement. It was an excellent meeting, and a very good, thorough exchange. The allies supported with enthusiasm the work

done at Reykjavik in the intermediate-range missile area and in the area of strategic arms.

There were differences of view expressed about whether or not it is wise within 10 years to be in favor of the elimination of all ballistic missiles, as the President is, and different allies had different views about it. We continue, in the United States, to support our position, which the President has stated and which some supported—some didn't like it, some were uneasy, so there was a variation in view in the alliance on that. But the communique and the general discussion emphasized the INF [intermediate-range nuclear forces] and START [strategic arms reduction talks] areas and there was great support—uniform support for that.

Q. In view of the Reykjavik talks, whether your Administration would be ready to set up a new set of standards, about the survival of the alliance: namely, to consider, first, that the transition from offensive weapons to defensive weapons, which is implied by the development of SDI [Strategic Defense Initiative], could be managed in a way which would help the allies and NATO as a whole not to be left at the mercy of deals with the Soviets which would dismantle bits or parts of all deterrence apparatus.

In other words, would you be ready, with consultation with your allies to have a position which would not leave the Soviets to decide the numbers and the quantities of the assets that both Europe and America need for our survival?

A. Your question wandered all over the place and with something of an assertion on your part. But let me simply state what our posture is, as far as the alliance is concerned.

First of all, our alliance with the countries of Western Europe, in NATO, is the center of gravity and a central element in how we approach the security of the United States. That has been true, it is true, and it will continue to be true.

Second of all, in carrying out our side of the bargain, there are certain things that the United States has as a responsibility and will carry through on, continue to do so, and be engaged in.

They are, first of all, to maintain a strategic deterrent force capable of reaching the Soviet Union. We fully intend to do that. Second, to maintain a large, credible military force on the ground in Europe. We have been doing that and we'll continue to do so. Number three, it's important that we have a NATO alliance that, so to speak, lives

and breathes. It studies the contingencies, it revises its plans. When it sees new contingencies, it conducts exercises. It does all of the things that makes the things written on the paper a reality and we take part in that, give leadership to it, and are engaged with our allies in that.

And perhaps most importantly, that we continue in working with our friends abroad, not only in Europe but elsewhere, at the political workability and meaning of the underlying values that bring the alliance forward in the first place. That is, we all keep track of what it is we're defending and what we have deterrence against.

So these are the fundamental tenets that have guided us in the alliance and will continue to guide us in the alliance. We work with our partners very heavily. There has been immense consultation throughout the past year—I think unprecedented consultation—and that's the reason why there is such a broad measure of understanding and support among us.

Q. One of President Reagan's several stated reasons in selling arms to Iran is his desire to bring an honorable end to the Iraqi-Iranian war. It's now reported that the United States has been supplying Iraq with satellite intelligence in order to encourage more bombing of Iranian economic targets. Is that report broadly true and, if so, how is such intervention to be squared with the President's objective of bringing an end to the war?

A. First of all, let me just reassert, as you stated, that our objective is to try to bring an end to the war, and we think the principal recalcitrant party is Iran. And so to the extent that Iran's military capability can be reduced, that presumably will help bring them to a frame of mind where they're willing to sit down with Iraq and try to reach an agreement. We think the right kind of agreement is one that maintains the territorial integrity of each side and doesn't have, so to speak, a winner and a loser.

As far as matters of intelligence and intelligence-sharing are concerned, of course, that's something that I simply am not free to comment on.

Q. If it is your intention to reduce Iran's capability, why are you then increasing it by sending it arms?

A. The President has explained publicly his thinking, that he felt under the circumstances that it was important and worthwhile to send a small signal, which he did. And he has said that the signal has been given of the readiness of

the United States to engage with Iran, and no further signals are necessary or will be given. So the question of any further arms sales to Iran from the United States has been settled, and there won't be any more under the present circumstances.

Q. Many European governments fear that a weaker American President will be more open to influence from Congress and that the new Congress will be more protectionist than the previous one. Recent disagreements in agricultural trade with the European Community have been seen as a confirmation of this trend.

Don't you think that, on the contrary, this should be a moment for closing ranks, having in mind political considerations?

A. I think certainly in the field of trade, it's a moment for opening trade up more, not closing it down. I personally am very strongly committed to the idea of opening up the opportunities for trade and knocking barriers down. That's why the President and all of us have been such strong supporters of the new GATT [General Agreement on Tariffs and Trade] round which has gotten started now as a result of the meeting in Punta del Este.

And, of course, the reasons why we in the United States think protection is bad, of course, is in part because it isn't good for our friends around the world who—many depend upon access to our market.

But most of all, and perhaps this is the most reassuring point as far as our friends are concerned, we're against it because it's bad for Americans. It's bad for American consumers. It lets up on the competitive thrust behind moves to lower costs and make things better on the part of American producers, so we benefit from open markets ourselves, and that's the reason why we want to keep them that way.

Q. Do you think that the arms sales affair applies to every country to permit separate agreements to free hostages?

A. I think it is a mistake to make trades for hostages as normally thought of. The reasons why it's a mistake are, first of all, it encourages people to take hostages, feeling that they can get something for them. And, second of all, it, in a sense, raises the value in the eyes of the hostage-takers of the people they already hold. So, as a matter of policy and practice, we should not be ready to trade anything for hostages. We should insist that they be released and to seek

every way, every pressure, every ounce of persuasion that we can to bring that about.

Q. The headlines we've been reading for a while now of secret arms sales to Iran, money passed on to the Nicaraguan *contras*, secret information passed on to Iraq—the German paper calls it a matter of broken pieces today. How are you going to mend the pieces?

A. The President's approach to this is simple and, I think, correct. It is, first of all, to get the facts of what took place out into the open to the maximum extent possible, or, to the extent you're dealing with classified matters, into the hands of properly set-up congressional committees or investigative bodies, to see if there were laws broken and by whom, and to prosecute those who may have violated the law. So that's one part of the strategy. It's a very forthcoming, open, immediate effort on the part of the President. And I might point out that practically the minute that he heard about the possible wrongdoing, of diversion of funds in the *contra* case, he took action.

The second part of what the President has said is that, having done that and sort of said, "Okay, now there's an area where those things are going to be pursued." Now, as far as we all are concerned, we have lots of work to do. We have problems, we have opportunities, we have work with our allies, so let's keep at it, and that's what we're doing. That's why we have been receiving people, continuing to receive people here practically everyday, and why Secretary [of Defense Caspar] Weinberger was in Europe and why I was in Europe. We're conducting the business of the government, and that's what we must do.

Q. But the crisis appears to go deeper. You quoted the President. May I quote today's *Washington Post*—a headline that reads, "Ronald Reagan's Government is Disintegrating," and, indeed, a lot of Europeans are afraid of the lame-duck effect for the next 2 years. How would you react to such fears?

A. I've just reacted to it by saying that the President has put into motion a way of dealing with this situation, and, of course, as a result of the first part of his decision—namely, to have things brought out—a lot of things are being brought out. That's not a mark of disintegration; that's a mark of a President who is wanting to see whatever the facts are be made public.

Now, as far as the business of conducting the nation's business is concerned, we're doing it.

Q. A matter of concern in this NATO member state is the situation in Suriname. What do you know about the human rights situation in Suriname? Do you have an opinion on it?

A. We have reports from our ambassador of brutality, of what amounts to murders, of gross violations of human rights, and we consider that the reports are, unfortunately, credible. So we're quite concerned about the situation in Suriname, and I know that it's of great concern to the people of Holland and others around the world.

Q. Do you think there is any Libyan involvement in Suriname?

A. I don't feel I have enough information to answer that question in a definitive way. There have been rumors about that, and there is a certain amount of information, but I don't consider it such that I would want to make a definitive statement.

Q. Do you expect that the present regime in Suriname can restore democracy there?

A. What I can say is that I think it's very desirable that the people of any country, including Suriname, be governed by a process which reflects the wishes of the people of the country. And so I would like to see that happen.

Q. After the revelation about the Iran arms deal, do you feel that you are now put in charge of foreign affairs?

A. No one is fully in charge, but we try to administer this effort very strongly, and I think basically have it in hand.

Of course, the person in charge is the President. It's the President that has a foreign policy, and I work for him, and I support him, and I try to help him shape foreign policy. He takes my advice lots of times. He modifies it or doesn't agree with it sometimes, but we work together very strongly and effectively, I think, and that continues to be the case. And it is, of course, primarily for the State Department to be the executor of the President's foreign policy, and we try to measure up to that responsibility in every way we can.

Perhaps one lesson of this Iran problem is that's a case where a piece of foreign policy was administered elsewhere, and it would have been better if it had been in normal channels, in my opinion.

Q. At the beginning of this crisis, have you thought to resign?

A. Any discussion of my status, of course, is for the President and me to discuss, and it's—I serve at his pleasure.

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Q. The advantage of banning all ballistic missiles is, of course, that more warning time would be created and the remaining bombers could be called back, and so on, and this is a less hair-triggering situation than perhaps now is the case.

But how does this relate to Stealth bombers and fast cruise missiles with Stealth technology, which cannot be seen at all perhaps, if this technology works, and could attack from the blue?

A. I think you very well stated a fundamental element in the argument for the elimination of ballistic missiles. Of course, there are many who hesitate for good reasons and so there is a healthy discussion going on in the alliance about that.

If you don't have ballistic missiles, you're going to have to have a credible deterrent, as I said earlier on this program, and the United States is committed to the idea that under the kind of world we live in, it's important to have in being a strategic nuclear deterrent that can reach the Soviet Union, and we're determined to maintain that posture, and we think it's one of our responsibilities to ourselves and one of our responsibilities to our allies.

Q. Could I turn back to the gulf? In testimony to Congress last week you expressed surprise and shock that your ambassador in Beirut had used CIA [Central Intelligence Agency] back channels to communicate on the Iran issue. You said earlier on this program you would not talk about intelligence, but did you know of this policy of supplying intelligence to Iraq and logistics support, or was this another example of the CIA using back channels?

A. I'm not going to comment on the intelligence matter, as I said earlier, and there are some things that I didn't know about in the overall situation, but by and large we're well informed.

Q. On that are you saying you did not—

A. I might say with respect to—

Q. —know about certain matters as supplying intelligence to Iraq?

A. I am not going to answer a question about the supply of intelligence to somebody by inference.

Q. In line with State Department policy, Mr. Shultz—

A. A very skillful question, but I'm not going to step into that hole.

Q. —comment on one quote in one of the papers this morning suggesting

that in the gulf the State Department is trying to engineer a stalemate in the gulf war?

A. We're not interested in a stalemate. We're interested in an end, so that it stops; that the territorial integrity of each country is maintained, and people can go about the business of economic development for the people of their country.

Q. What's your opinion about the careful approaches being made by Italy toward Libya?

A. Libya has established itself as a state that virtually brags about its support for terrorism, and there's no doubt about it. And the evidence accumulated by various European governments of Libyan plans and Libyan activities make it very clear about what the Libyan posture is.

Obviously, you want them to change, but I think in the meantime the policy of isolating a state that does that is the right policy.

Q. CIA and NSC [National Security Council] seem to function like a state within a state. How can these agencies be controlled, never to endanger again the Presidency to the point that it's now happened?

A. I think you're jumping to a lot of conclusions in that question, and they are, of course, subject to congressional oversight and presidential oversight, and basically are designed as service agencies; that is, their function is to provide intelligence to others who have the responsibility for policy development and operational matters. That's the way it should work.

¹Press release 264 of Dec. 17, 1986. ■

Southern Africa: American Hopes for the Future

Secretary Shultz's address before the International Management and Development Institute on December 4, 1986.¹

Africa's leaders know, and I know, and you know, that the United States and the West are uniquely relevant to their problems in southern Africa. Why is that? It's because our enormous wealth of managerial, technological, and financial talent and resources symbolize the success story of the West. So at a time when southern Africa is poised on a knife-edge between hope and despair, you represent hope. So you represent why we are a nation of builders, and it's for this reason that I come here, and I welcome this opportunity to discuss our policy toward southern Africa, a region rich in potential but beset by turmoil. If southern Africa slides into conflict, all the peoples of the vast region—some 150 million—will see their hopes for a better future destroyed, and major American interests—political, economic, and strategic—will be jeopardized.

The United States sees the potential for a hopeful future southern Africa. We are convinced that there are constructive alternatives to violence, and we are trying to turn this positive vision into reality. Today, I want to lay out the Administration's policy toward the region in detail and examine it against the backdrop of present-day South African realities.

The United States has had a consistent commitment to peace with justice in southern Africa. This is demonstrated by:

- Our positive emphasis on what we are *for*, as well as what we are against, in southern Africa;
- Fortright insistence that an effective American policy must be based on a diplomatic effort; sanctions by themselves do not represent a policy;
- Strong conviction that American business and investment can play a constructive role in South Africa and the region;
- Substantial U.S. regional assistance, including the President's new southern Africa aid initiative; and
- A clear challenge to all the leaders of southern Africa to build a better future rather than destroy the region through a self-defeating descent into violence.

The premises of our policy were reexamined in the domestic debate that preceded the latest round of U.S. sanctions. That debate once again made clear that the principles underlying this Administration's policy—many of which are codified in the Anti-Apartheid Act of 1986—are shared by all Americans. The recent controversy over sanctions was, thus, over the means, not the ends, of our policy. The Administration's doubts about the utility of punitive sanctions were, and are, serious. Nevertheless,

they are the law of the land, and we will enforce them.

At the same time, I sense a growing realization, here and in the region, that sanctions by themselves do not amount to an effective policy in southern Africa. We must now use all the instruments at our disposal to make our limited influence count. In a word, the time ahead is one for diplomacy guided by a long-term view of our interests and objectives in southern Africa.

Hopes for the Future

President Reagan has expressed clearly America's hopes for the future of South Africa.

This Administration is not only . . . against apartheid; we are for a new South Africa, a new nation where all that has been built up over generations is not destroyed, a new society where participation in the social, cultural, and political life is open to all people—a new South Africa that comes home to the family of free nations where it belongs. So spoke the President.

We cannot prescribe—and we do not presume to offer—detailed political blueprints for South Africa's future. But we can and should state with precision what we are for as well as what we are against. We are for a South Africa whose people enjoy equal political, economic, and social rights. We are for a South Africa whose leaders are chosen in democratic elections with multiparty participation and universal franchise. We look forward to the day when basic human rights for each individual are protected by firm constitutional guarantees. And we strongly support opening the free, market-oriented South African economy to all the people of that rich land so that black South Africans can rapidly redress past economic injustice by raising their own living standards while contributing to the prosperity for all.

This vision of the future of South Africa is ambitious. It is worthy of our best efforts as a people. But if the United States is to contribute to a process of positive change, we have to do more than assume a righteous moral posture. We must reach out to all southern Africans and make effective use of our limited influence. And we must measure our hopes for the future against the background of today's realities.

The Course of Change in South Africa

The current cycle of repression and resistance in South Africa will resolve nothing. The state of emergency, with

all its attendant denial of civil liberties, press freedom, and due process under law, cannot address the root causes of unrest; it can only undermine prospects for nonviolent change. Some may believe that a policy of repression and the practice of violence will ultimately bring reconciliation. I disagree. Repression only deepens black determination to end the apartheid system that denies them fundamental political and human rights. And violence only stiffens white resistance and undermines those advocating peaceful reform and negotiation.

The South African economy remains troubled. Businessmen—foreign and South African alike—will not invest or reinvest in a society that excludes the greater part of its citizens from full participation. The international banking community refuses to grant new loans because of the increased risk and international condemnation brought about by apartheid. Unemployment is growing. Many of South Africa's most talented and experienced professionals are emigrating. A siege economy is emerging, one that features sanctions, underutilized domestic capital, efforts to create the illusion of growth by uneconomical import substitution, more and more state controls, and industrial unrest. These developments are eroding the basis for future South African governments—no matter how constituted—to meet the country's pressing social and economic needs.

Many American and other foreign firms have already decided to leave. These decisions, induced by the hard realities of the marketplace, will only compound the potential for tragedy. American firms have found it increasingly difficult to stay the course in the face of a deteriorating political and economic environment in South Africa and mounting criticism here at home. These attacks on American corporate involvement in South Africa are both ironic and unwarranted because American business has been a force for promoting interracial decency and equality.

American business has made a magnificent contribution to South Africa, committing well over \$200 million outside the workplace to provide scholarships, training, nonracial housing, and other benefits to their black employees. Western business organizations challenge apartheid daily through their policies and their actions. The commitment of American firms to the highest standards of corporate citizenship has been an honorable undertaking of which all Americans can be proud. I want to make crystal clear that we in the Administration strongly support those

firms that have taken the tough decision to stay.

South Africa's troubled economy has long-term consequences for the country's political future. There is an organic link between a truly democratic political order and a vibrant, free economy. South Africa's social and economic needs cannot be met by a stagnant economy. Such an economy will merely compound the legacy of apartheid. For all who aspire to political leadership in the future South Africa, restoration of a sound economy should be a matter of priority concern. And it is no less important to neighboring nations whose economies are inevitably and vitally affected by events in South Africa.

The South African Government has brought many of its current troubles on itself. It has resorted to suppression of dissent, violations of basic human rights, denial of economic liberties, and government by decree. These abuses have discouraged the forces of moderation both inside South Africa and beyond. Not long ago, a vigorous, independent press in South Africa often criticized—sharply and constructively—the government and its policies. As recently as the early months of this year, there was real hope that South Africans, with the assistance of the Commonwealth's Eminent Persons' Group (EPG), might begin a constructive dialogue about their country's future. Yet they have not, so far, taken advantage of these possibilities. Still, there are signs of hope.

- We've seen impressive strides in the organizational and political capabilities of black groups in South Africa. From political movements to trade unions, from churches and community associations to business and professional organizations, blacks are preparing themselves for leadership. They are understandably impatient and unwilling to wait another generation. They are ready now to play a positive role in building a new South Africa. And the United States stands with them through our official assistance programs and the many support programs coordinated by American corporations, foundations, labor unions, churches, and universities.

- In Natal Province, the Indaba—a convention representing all racial groups and a wide range of social and political organizations—has, for many months, been wrestling on a provincial basis with the great questions that must also be addressed at the national level, including the creation of a nonracial legislature and the drafting of a bill of rights. The Indaba has been the only political forum in the country where blacks could

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participate on equal terms with members of other races.

The Indaba has now made public its proposal. It is controversial in South Africa, as any imaginative compromise might be. Nevertheless, the Indaba has shown that South Africans are capable of difficult mutual accommodation to advance the cause of racial justice and representative government when they are challenged to do so. A recent poll indicates that three out of four blacks favor negotiations rather than violence as a way of ending apartheid. Yet time is fast running out for those blacks still willing to play a positive and peaceful role in building a new South Africa.

- In Parliament, a badly outnumbered but vocal opposition continues to call the government to account for its actions. Those determined South African patriots deserve our admiration, for they preserve a parliamentary tradition that will be vitally important to a new South Africa.

Until quite recently, it was also possible for South Africans to take heart from reforms undertaken by the government in Pretoria. Legalization of black trade unions, repeal of the pass laws, and relaxation of many other onerous apartheid restrictions raised hopes that the government itself might become an engine of constructive change. These reforms—as the United States recognized at the time—required real political courage. But we also recognized that the

dedicated Foreign Service officer, Ed Perkins. Ed has as his principal mission the task of broadening and deepening our contacts with all South Africans. He will be making clear to them that we have no intention of packing our bags and leaving them to face the future in isolation. We do not ask that black South Africans temper their passion for change. We share it. We only ask that it be channeled into constructive strategies for reconciliation.

Our contacts with the African National Congress (ANC) and the Pan Africanist Congress (PAC) and a wide array of internal black opposition groups are part of this effort to broaden American access to all parties in South Africa. We recognize no single group as the primary vehicle of black aspirations. And we make no secret of our deep concerns about the ANC's communist connections and links to Moscow and both organizations' advocacy of violence.

The existence of these contacts does not signal American approbation of the ANC or the PAC. It signals that communication channels are open. And we are using them to advance the cause of equal rights, democracy, and constitutional government in South Africa. We must stimulate the members of these movements to begin to think seriously about what *they* must do to get negotiations going and to produce a system of constitutional government acceptable to all South Africans.

appreciation of entrepreneurial enterprise in an expanding modern economy. Americans admire the economic accomplishments of white South Africans and their commitment to Western political traditions. Our objective is to encourage the extension of the full benefits of citizenship—which white South Africans so rightly cherish—to all their countrymen.

The United States is against tyranny in all its forms. We reject and oppose despotism by any name. We will never support the replacement of apartheid by repression in some other form. The democratic future that all South Africans deserve must include reliable constitutional guarantees for the rights of majorities, minorities, and individuals. If whites begin a meaningful political dialogue on this basis with all their fellow South Africans, they will have firm—I repeat, firm—American support.

This is a sober American message to all the people of South Africa in a complex and challenging time. In today's polarized politics of South Africa, I know that this view will satisfy no one completely. But we in the West need to challenge all the contending parties to rise above their divisions and the prospect of escalating violence and to negotiate in the interest of peace and a better future for all.

Toward Regional Peace and Stability

No policy toward South Africa can succeed unless it is developed within the framework of regional solutions to the problems of peace and stability in southern Africa. Leaders throughout the area are acutely aware that the repercussions of violence in South Africa would be felt far beyond South Africa's borders. It would imperil Botswana's democracy and jeopardize hopes for stability and economic development in the entire region from Lesotho to Zaire. It would undermine American efforts to negotiate a settlement involving Namibian independence and the withdrawal of all foreign forces from Angola. It would jeopardize hopes for reconciliation in Angola and give the Soviets fresh opportunities to pursue their imperial ambitions.

We have consistently assured the front-line states of American readiness to work with them to avert catastrophe and to build for the future of southern Africa. We are deeply disturbed by recent South African threats against Botswana and its other neighbors. Our condemnation of cross-border attacks and other destabilizing actions by South Africa is unequivocal, as is our condemnation of those who cross into South Africa to carry out terrorist attacks.

No policy toward South Africa can succeed unless it is developed within the framework of regional solutions to the problems of peace and stability in southern Africa. . . .

South African Government's commitment to reform was tentative and often qualified; and it did not address the central question of black political rights.

Today, the government's reform programs are being overshadowed by its preoccupation with maintaining control at home and its determination to resist sanctions from abroad and minimize their effects. The South African Government must move urgently to rejuvenate reform; and its effects must be broadened to encompass a real political dialogue involving all South Africans. Delay only invites disaster.

We have just sent to South Africa as our new ambassador a distinguished and

It is equally important to assure South Africa's whites of their security as individuals and as a community. In a recent speech to the Overseas Development Council, the Vice President of Botswana, Peter Mmusi, put it in this way:

We do not wish the white people of South Africa ill. The Afrikaner people have a secure and important role to play in the future, not only of their own country, but of the region as a whole. They have Africa in their blood. We are part and parcel of each other's history.

Americans can agree with these words. We share with white South Africans a heritage of resistance to colonialism, a frontier tradition, and an

This American stance against violence among neighboring states in southern Africa has been explicit in our strong support for the Nkomati accord between South Africa and Mozambique. That agreement has recently come under increasing strain as the parties have exchanged charges of violations of its letter and spirit. We believe the time has come for a lowering of the rhetoric and a return to dialogue. The Nkomati agreement remains in the interest of both South Africa and Mozambique, and we urge both parties to fulfill in good faith their obligations under it. Similarly, we call upon Mozambique and Malawi to resolve their differences peacefully, with respect for each other's sovereignty and security.

The search for peace and stability in southern Africa has been made more difficult by the recent death of President Machel of Mozambique. The United States worked constructively with President Machel as he sought to move Mozambique toward true nonalignment and a greater role for private initiative in Mozambique's economy. We strongly supported his decision to sign the Nkomati accord with South Africa. And we hope to work with President Chissano and his colleagues to build upon the solid foundation he helped to establish. We call upon the South African Government, Mozambique's other neighbors, and the international community to give Mozambique a chance to end its civil strife and resume its economic development.

At my request, Under Secretary of State [for Political Affairs] Mike Armacost will soon be visiting several southern African states. He will reiterate our support for the security and development of the front-line states and our conviction that they have a critical role to play in the drama of change in southern Africa. The front-line leaders have a unique opportunity—indeed, a responsibility—to help create alternatives to violence and confrontation in South Africa and the region. It can serve the interest of no party if they add fuel to the flames of regional confrontation, aggravating an already dangerous situation. We look to them to act responsibly in the interest of peaceful change in southern Africa. And we reaffirm our readiness to work closely with them in that endeavor.

The United States assures the states of southern Africa that they will have our continuing support as they struggle with the economic consequences of political turmoil in the region. President Reagan has pledged to present to the next Congress a comprehensive multi-

year program designed to promote economic reform and development in the black-ruled states of southern Africa.

The Congress has expressed its concern for the region by making the development of such a program a matter of law in its Anti-Apartheid Act of 1986. I want to assure you today that the President and I are determined to prepare a good program and to see it approved. If we want to be taken seriously in southern Africa, we must put the resources on the line to make the President's pledge a reality.

The crisis in southern Africa cannot be ameliorated by external parties unless the people of the region themselves are prepared to turn away from violence and toward dialogue. . . .

The Western Partnership

In this and other aspects of our policy toward southern Africa, we are not alone. We have maintained close consultations and coordination with our major allies in Europe and with Japan. Our allies have been in the forefront of positive and hopeful efforts such as the EPG initiative, which sought to help the contending parties in South Africa move toward negotiations. They have joined with us in calling on both the South African Government and its opposition to turn from violence and toward negotiations. Our allies have been as forthright as we in calling on Pretoria to end the current state of emergency, to release Nelson Mandela and other political prisoners, to unban political parties, and to set a timetable for the elimination of the apartheid laws.

This Western partnership will be even more important in the future. It is essential that the West speak with one voice if it is to be heard in the noisy clamor of contending parties in southern Africa. The United States is committed to working together with the other industrial democracies in this critical region, and we are sure that our allies are of the same mind.

Conclusion

So where do we go from here? The key element of our diplomacy must be clear to the American people, to our allies, and to Africans who care so deeply about this region.

First, our country is united on the goal of ending apartheid and playing an active role in helping bring about a new, democratic South Africa that respects the rights and promotes the opportunities of all its people.

Second, this process of change and negotiation cannot be accomplished by outsiders. It must be built by South Africans themselves—even as we offer our support. And we will support genuine reconciliation and a serious grappling with the issues. The new South Africa we hope to see must be based on an

accommodation of interests—not the replacement of one injustice by another.

Third, our diplomacy will actively seek to support dialogue and communication—despite the difficulties posed by distrust and polarization. We have a unique interest in communicating with all parties. We will urge them to create and exploit all openings for reconciliation and constructive change.

Fourth, working with our allies, we will continue to assert a Western vision of what we favor as the outcome in South Africa. It is not enough to campaign *against* apartheid. South Africans must know what the West stands *for* as the country redefines itself politically.

Fifth, we believe that the leaders of southern Africa—whatever their rhetoric of the moment—want us to be there, lending a hand. This is the message I have heard from a wide spectrum of leaders from the front-line states and South Africa. Our assistance programs in South Africa, established under this Administration with strong support from the Congress, represent a constructive accomplishment of which we can be proud. Our corporate, educational, and religious leaders have played a vital parallel role. We intend to sustain our efforts, and we urge all concerned Americans to continue their contributions as well. It is the road of involvement—not disengagement—that will bring us closer to our goals.

Sixth, we recognize that South Africa's evolution is intimately connected to the fate of an entire region. Accordingly, we are committed to playing our proper role in creating alter-

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natives to destructive confrontation in southern Africa. The West must support this region's economic health and political viability. And we will continue our efforts to resolve the long-festering conflicts that complicate the search for peace and development. Now is a time for sober reflection and careful analysis by all the region's leaders. We can be effective partners only if they resist the temptations of violence and the strident voices of destructive conflict.

Finally, let me share with you yet another striking word from the recent remarks of Vice President Mmusi:

We believe that those in authority in South Africa are made of the very same flesh and blood as ourselves. They share the same emotions and intellect as we do. They worship the same God. It is our hope that, sooner or later, they will realize the path they have chosen to travel spells only their own doom.

Peter Mmusi clearly does not view the drama of southern Africa as a Greek tragedy already written. I agree with him wholeheartedly. There is too much at stake for us to turn away in despair and let destructive events run their course. The economic engine created by the talent and sweat of all the peoples of southern Africa is too important to be destroyed by reckless actions from any quarter. The hopes of all the region's people for a better life for themselves and their children are too precious to be squandered away in futile efforts to preserve apartheid in South Africa or by a leftward lurch toward a new authoritarianism.

The crisis in southern Africa cannot be ameliorated by external parties—however powerful and well intentioned—unless the people of the region themselves are prepared to turn away from violence and toward dialogue. As I look at southern Africa today, I'm reminded of the Prophet Ezekiel's proverbial call on his people to renounce their destructive past: "The fathers have eaten sour grapes, and the children's teeth are set on edge." The fathers and mothers of southern Africa have eaten their fill of the sour grapes of repression, violence, and retribution for the mistakes of the past.

The time has come for the children of every country in that vast and potentially rich region to be freed from this dread legacy. I pledge today that southern Africans—black, white, colored, Indian—who take this course will not be alone. The United States will stand with them. If we are true to ourselves, we can pursue no other course.

¹Press release 256. ■

South Africa: Toward Peace and Stability

by Chester A. Crocker

Address before the Economic Club in Detroit on December 1, 1986. Mr. Crocker is Assistant Secretary for African Affairs.

Thank you for your hospitality and for the opportunity to discuss with you our policy toward southern Africa. In the 6 years that I've been responsible for this policy arena, there have been periods when we made real progress toward our goals of strengthened peace and stability, with democratic government and respect for individual human rights in all the countries of a region of critical importance to the United States. There have been other periods when these goals have seemed more distant as proponents of violence and extremism held the upper hand. We are currently in one of these seasons of uncertainty about the future of southern Africa, and any assessment we draw about the future must be sober.

The Debate Over Sanctions

First, let me say a word about the debate we have just come through over our policy toward South Africa. That debate was hard fought and doubtless left some bruised feelings on both sides. It was not, however, a debate about the fundamental objectives of our policy. This is best illustrated by the fact that the policy objectives set forth in the Comprehensive Anti-Apartheid Act of 1986 parallel closely the goals set forth by President Reagan, Secretary Shultz, and other senior officials of this Administration.

Our major difference with the Congress concerned the mix of policy instruments most likely to move South Africa toward the early end of apartheid and its replacement by a new, truly democratic South Africa with effective protection for the rights of majorities, minorities, and individuals. We forthrightly stated our conviction that the adoption of indiscriminate, punitive sanctions would not help achieve our objectives. Majorities in both Houses of Congress did not agree. Those sanctions are now the law of the land, and we are implementing them. At the same time, Americans on both sides of this debate are coming to realize that sanctions do not amount to an effective policy toward South Africa. As Secretary Shultz said at the swearing-in of our new Ambassador to South Africa,

Ed Perkins: "It is time to raise our eyes once again to the horizon and to move ahead."

Unfortunately, the horizon in South Africa and the region is turbulent with storm clouds of violence and polarized confrontation. In response to international sanctions, the South African Government has retreated further into a self-imposed laager of repression and anti-American sentiment. The police presence in black townships and restrictions on press freedom have helped keep scenes of violence off our evening news telecasts. But the cycle of repression and violent resistance continues. In recent days, we have seen further forced removals of blacks and new detentions of antiapartheid activists, including prominent churchmen. In both the black and white communities, extremist voices dominate the debate, and moderates are having to shout to be heard.

Tensions between South Africa and its neighbors have also risen dramatically. South African military spokesmen have openly threatened Mozambique and Botswana with armed retaliation unless these countries satisfy Pretoria that they are taking effective steps to halt cross-border guerrilla operations against South Africa. For its part, Mozambique has threatened action against neighboring Malawi unless that country halts alleged assistance to the RENAMO [Mozambique National Resistance Movement] insurgency against the Maputo government. Zambia and Zimbabwe are considering possible economic sanctions of their own against Pretoria, knowing that such moves only invite potentially severe South African retaliation. In Angola, a civil war fueled by Soviet arms and Cuban troops drags on, even though military victory is clearly beyond the reach of either side.

Efforts To Promote Peace and Stability

Against this bleak backdrop, questions have arisen about our ability to make a positive contribution to peace, stability, and democracy in southern Africa. The South African Government has responded to the congressional imposition of sanctions by imposing something of a chill in our bilateral relationship. This is perhaps best exemplified by Pretoria's attacks on our economic assistance program in South Africa.

All Americans can be proud of the contribution our aid program is making to assist South Africans disadvantaged by apartheid to develop essential skills and experience. In the fiscal year that just ended, approximately \$20.3 million was disbursed to individuals and institutions committed to nonviolence and democracy. Our aid has helped fund scholarships for students to study in the United States; training of black entrepreneurs and trade unionists; and community-based projects in the areas of child care, youth activities, and legal advice.

Our aid program in South Africa—initiated during this Administration with bipartisan support in Congress—exemplifies the search for alternatives to violence and polarized confrontation that is at the heart of our policy toward South Africa and the region. We have been active partners with those in South Africa and the region who want to turn away from a mindless descent into violence and toward peaceful options for constructive change.

This constructive American approach is also exemplified in the activities of American businesses in South Africa. American firms have made an important positive contribution in South Africa by challenging the apartheid system and by spending over \$200 million outside the workplace to provide scholarships, training, nonracial housing, and other benefits to black employees. While we understand the reasons why some American firms have withdrawn from South Africa, we applaud the determination of others to stay. These firms are in the forefront of American efforts to remain positively involved in the search for a better future in South Africa, and their honorable contribution deserves to be recognized by all Americans. Indeed, it was so recognized—explicitly and eloquently—in the recent legislation passed by Congress.

Despite the grim realities of the present situation in South Africa, we remain hopeful that the contending parties will come to their senses and recognize that the path of violence and confrontation is a dead-end street. Earlier this year, the Commonwealth's Eminent Persons' Group (EPG) seemed to be making progress in convincing both the South African Government and its black opposition that constructive change can occur only through negotiations. There seemed also to be a growing recognition on all sides that no party can be allowed to dictate in advance the agenda or outcome of the negotiations

and that all South Africans will have to have confidence that their fundamental interests and rights would be protected.

At the heart of the EPG initiative was an effort to convince the parties to begin the essential process of confidence building by taking limited but important steps that could be reciprocated by the other side. The EPG effort eventually collapsed following the May 19 South African Defense Forces raids on African National Congress (ANC) installations in Zimbabwe, Zambia, and Botswana. However, the EPG's effort to help the parties undertake these so-called matching commitments is a positive and important legacy for the future. That approach has not run its course; indeed, it has barely been tested.

President Reagan and other Western leaders have publicly called on the South African Government to do its part to get negotiations started by ending the state of emergency; releasing Nelson Mandela and other political prisoners; unbanning political parties, including the ANC; and setting a timetable for repealing apartheid laws. If the South African Government were to take these steps, it would be entitled to expect from its opposition a firm commitment to cease violence and enter negotiations.

Prospects for Progress

While the immediate prospect for negotiations is not bright, we have seen some signs that the parties remain open to discussion of the idea of matching commitments. In our contacts with both the South African Government and its opponents, we have made clear that the United States will not uncritically endorse the demands of any of the contending parties. We are, however, ready now to explore seriously with each of the parties the contribution it can and should make in the interest of a negotiated settlement. In a word, the diplomatic option is open, and our good offices are available.

We have no illusions about the near-term prospects for progress. External parties, however well intentioned, cannot help solve South Africa's crisis unless South Africans themselves are prepared to take risks for peace. They cannot demand guarantees in advance of the precise outcome of a process that must, inevitably, entail compromise and accommodation of interests. We intend to challenge the South African Government, the ANC and other black opposition groups, and the front-line states to do their part to help create a framework for negotiations that might provide real

hope for a lasting resolution of South Africa's crisis.

We will also continue to support efforts by South Africa and its neighbors to work out alternatives to confrontation and cross-border violence. The urgent need for practical steps in this direction is nowhere more evident than in the current tense relations between South Africa and Mozambique. These countries are still officially party to the Nkomati accord, which commits each signatory not to aid insurgent movements on the territory of the other party. Following its signature in 1984, the Nkomati accord did lead to a reduction of tension and enhanced security for both South Africa and Mozambique.

In recent months, the Government of Mozambique has alleged that South Africa has resumed and increased assistance to the Mozambican insurgent movement RENAMO. For its part, South Africa rejects the claim and warns Mozambique against harboring guerrillas of the African National Congress. In our view, renewed cross-border violence or threats of violence, and intervention in neighboring countries, cannot resolve South Africa's problems and may well exacerbate them. Instead, we urged both parties to fulfill strictly their obligations under the accord and handle their compliance concerns through a direct security dialogue. The United States played a significant role in the negotiation of the Nkomati accord, and we stand ready to assist the parties in revitalizing it. But the primary impetus must come from the countries that stand to benefit most from the accord—South Africa and Mozambique.

We have watched with growing concern as tensions have escalated between Mozambique and Malawi. These tensions arise from conflicting claims about Malawi's relationship with RENAMO and its position on the insurgency in Mozambique. We firmly believe that the interests of neither Mozambique nor Malawi would be served by confrontation. The two countries have agreed to establish a joint commission to address mutual security concerns. This is a potentially positive development, and we urge that this commission be activated immediately.

In Angola also, we are convinced that there is potential for accommodation rather than violent confrontation. We continue to seek a diplomatic resolution of the conflict in Angola that would provide for Namibian independence and withdrawal of all foreign forces—South African and Cuban—from that country. We believe that the gap between South Africa and Angola on a timetable for the

withdrawal of Cuban forces is bridgeable. We have made clear to all the parties our readiness to help bring this negotiation to a successful conclusion.

We had hoped that South Africa's conditional agreement to begin implementation of UN Security Council Resolution 435—the Namibian independence plan—on August 1, 1986, would prompt the Government of Angola to reply constructively to our ideas on a Cuban withdrawal schedule. Unfortunately, no such response was forthcoming from Luanda, and the August 1 opportunity was lost. We, nevertheless, believe that this peace process remains the one way out of a long and bloody civil war for all the Angolan parties. Our invitation to the Government of Angola to resume these negotiations remains on the table, and we urge that they take it up.

Although reconciliation among contending Angolan parties is an issue only Angolans themselves can resolve, we believe that it must occur if there is to be real peace in that country. Our support for UNITA [National Union for the Total Independence of Angola] underscores our conviction that it is a legitimate nationalist movement which must participate in any serious effort at reconciliation among Angolans. We have made clear that we do not expect any Angolan party to commit political suicide, nor do we have an American plan for Angola's political future. We will continue to work actively toward the day when they can do so free of external military presence from any quarter.

As we consider opportunities for accommodation among contending parties in southern Africa, our focus should be on practical objectives that would redound to the benefit of all. In our view, the revitalization of regional transportation routes disrupted by armed conflict would be especially welcome. The United States supports African efforts to reach practical arrangements among all the affected parties that could lead to reopening of these transportation routes, many of which have been closed for years.

The United States has made clear its determination to support the efforts of southern African countries to deal with the economic consequences of the region's political crisis. President Reagan has stated that he will propose to Congress a new program of assistance to the black-ruled states of southern Africa in the critical areas of trade, transportation, and support for economic reform. We are now working to prepare the details of this program. As we move

forward, it will be essential to consult and coordinate our efforts with the countries in the region and our allies and friends. Despite the budgetary stringencies of the Gramm-Rudman [-Hollings] era, we are determined to fulfill the President's pledge to propose a good program and to see it approved by Congress.

The U.S. Role

In his recent sendoff for our new Ambassador in Pretoria, Secretary Shultz said that, in southern Africa as in other areas of policy, we must ask "not only what . . . we want, but how, practically, we can get from here to there." I have tried to underscore for you, today, our conviction that American goals in southern Africa will not be achieved if the entire region slides into endemic violence. That is what could happen if we simply opt to disengage when the going gets tough. Such a course can only produce chaos and an increase in Soviet influence, since Moscow's strong suit is the promise of arms, advisers, and military solutions.

By contrast, the U.S. role must continue to be to roll up our sleeves and work for negotiated solutions and a peaceful change. We favor this course because it is right. We are—as someone once said—a nation of builders, not destroyers. But we also believe it is practical because the peoples of southern Africa have visions of a positive future

for their beloved region. They nurture the hope that their children will enjoy a future of dignity, liberty, peace, and prosperity. They, too, want to be builders. All Americans are united in their desire to help achieve these objectives. This is the basis of an American consensus on southern Africa that will last long beyond the current pessimism in the region and our own tactical debates of the moment. It is a consensus worth preserving and nurturing because it is worthy of the best traditions of the American people.

And what does this mean in practice? I submit that it means an active role. It means the maintenance of an active AID [Agency for International Development] role in South Africa and the region to support black advancement and educational development; it means our diplomacy is ready and willing to play a catalytic role—opening channels, floating ideas—between the South African Government, front-line states, the ANC, and other major black groups; it means a sustained regional role between South Africa and its neighbors on behalf of peaceful settlement and coexistence; and, above all, it means that the West as a whole maintains its presence and influence via all available channels to support its hopes for a brighter future for all the peoples of this troubled yet strategically important region. ■

The Human Rights Dimension in Africa

by Charles W. Freeman

Address before the World Affairs Council in Philadelphia on November 6, 1986. Mr. Freeman is Deputy Assistant Secretary for African Affairs.

There could be no more appropriate setting for a discourse on "human rights" than this city, in which the Declaration of Independence and the Constitution first proclaimed the idea of such rights. The documents created here continue to guide our foreign relations and to inspire the people of many lands.

Concern for human rights is not a peculiarly American idea. It is a central objective in man's yearning to be free. If anyone here believes we have a monopoly on this dream, let that person reflect upon the struggles in Haiti and the Philippines, in the Soviet Union and

South Africa, in Latin America and Eastern Europe. The human rights revolution proclaimed in Philadelphia two centuries ago continues. Nowhere is this more evident than in Africa.

The news from Africa on human rights is not all good—in fact, much of it is dismal. What I hope to leave you with is a few thoughts on how the current situation evolved, recent trends, and my hopes and fears about the future of America's role in ensuring basic freedoms for all Africans.

The African Experience

I think it is important, in any discussion of human rights in Africa, to start with a historical perspective. Three main factors in African history and heritage, which contrast sharply with our own, need emphasis.

- First, the advent of the slave trade and 19th-century colonialism interrupted Africa's independent evolution. Villages and kingdoms were torn apart by the export of slaves to the New World. Many paternalistic European administrators put the interests of the metropole far ahead of the interests of the people they governed. Colonial officials often did not consult local populations about political or social decisions. Economic progress, education, and the rights of the individual frequently took a back seat to demeaning outside control. Such colonial administrations were, it must be remembered, the only modern systems of government most Africans had experienced at independence.

- Second, many of the first generation of Africa's liberation leaders spent much of the colonial period in exile or in jail. Anxious for alternatives to colonialism, they embraced ivory-tower socialist theories and Marxism—theories that have proven as irrelevant to African conditions, and even more counter-productive in terms of human liberties, as they did in their Western birthplaces.

- A third and related point is that many newly independent nations were saddled with arbitrary borders, drawn in Europe without regard to tribal and linguistic realities. For many African leaders new at running governments, that fact, coupled with the ideological biases I have mentioned, made the one-party state attractive as a way to unite the fractious populations thrown together by colonial cartographers.

One caveat: there were important exceptions to everything I have said. I do not wish to contribute to the all too widespread American misperception that democracy and civil liberties have no secure home on the African Continent. It is important to recognize, for example, that Botswana is a country with a record of democracy and human rights that compares favorably with that of any country in the West. The Gambia and Senegal, with their vigorous parliamentary systems, and Kenya's racial harmony and free enterprise system—to cite a few examples—also give the lie to this canard.

Africans Confront Their Own Record

As many African leaders review the often turbulent years since independence, they are coming to see the damage done to their societies by the failure to protect constructive dissent.

Increasingly, they recognize the need to accept ideas and initiatives from outside the established bureaucracies. Africa's attention thus is returning to the fundamental issues of human dignity, individual rights, and civil liberties for which the independence struggles were waged. Human rights have fortunately been placed squarely on the African agenda by the continent's leaders. The continentwide trend toward encouragement of private initiative at the expense of bureaucratic power supports this. After all, governments willing to trust the people to run their own economic affairs are more likely also to trust them to make decisions in politics and social life.

We see examples of this economic revolution all over Africa. Let me mention just a few examples.

- Zaire, Zambia, and Somalia have devalued their currencies; eliminated most trade and price controls; and increased agricultural prices.

- Mali, Guinea, and Senegal have begun to pare down the public sector, liquidating, reforming, or reducing the privileged position of inefficient parastatals.

- Kenya has adopted a flexible exchange rate policy and liberalized import licensing and maize and fertilizer marketing.

Similar measures are being adopted in other African countries. The process is an exciting one to watch. The economic framework is changing radically. Market forces are beginning to give the right signals to the private sector, and African economies are beginning to respond with growth. For example, despite declining world prices for its major metal exports, Zaire has managed to maintain positive growth over the past 3 years. In Somalia, exports have increased over 50%, and agricultural production has established new records for 3 years running.

Recent Developments in African Human Rights

The trends in human rights connected to these changes have yet to run their full course. Some impoverished African regimes still argue that the interests of society and the state must come before those of individuals and that human rights are a "Western" concept that developing societies cannot afford. Others claim that their fragile political institutions could not withstand a greater openness or tolerance of dissent. Some of the most serious human rights violators of the past have been replaced

by newer villains in other countries. Outside concern for civil and political liberties is often condemned as an intrusion into a country's internal affairs. Not surprisingly, this criticism often comes from the most repressive regimes, and we hear it frequently from some within the South African Government. But there are many positive developments. Let me share a few with you.

- President Abdou Diouf of Senegal, who was also last year's chairman of the Organization of African Unity (OAU), deserves special recognition and credit for his energy and concern for human rights. The OAU's adoption of its Charter on Human and People's Rights at the end of October was a significant step for Africa. And, with Senegalese sponsorship, the UN Human Rights Commission has just established a Special Rapporteur on Religious Tolerance.

- Just over a year ago, a new military government took over in Nigeria, a regional power that is home to one in every four black Africans. Part of the justification for the military's move was the need for more attention to human rights. Nigeria's record under President Babangida has not been spotless, but impressive strides have been made and continue. Within days of assuming power, the Babangida government released more than 100 political detainees, including 12 journalists, and appointed as Minister of Justice the chairman of the Human Rights Committee of the Nigerian Bar Association, a strong critic of the human rights record of the previous regime. Since then, large numbers of detainees have been released, and more have had their sentences reduced. Press freedoms have also been restored in a country which traditionally has enjoyed a freewheeling, strongly vocal media.

- Earlier this year in Sudan, we saw the former Transitional Military Council disband after conducting multiparty elections. A democratically chosen prime minister and parliament now rule Sudan. The government has also lifted press restrictions and repealed laws against strikes. A violent and painful civil war in southern Sudan continues to pose a grave threat to the human rights of Sudanese. Nevertheless, in 1985 and 1986, Sudan gave sanctuary to more than 1 million refugees from Ethiopia, Uganda, and Chad. Sudan's cooperation with the international community in refugee resettlement gives witness to its humanitarian ideals.

- There has been a remarkable turnaround in human rights in Uganda, one

of the countries that suffered most from abuses in the past. President Museveni's government has ended torture, curbed violence by soldiers, and reinforced the independence of the judiciary and the professionalism of the police. Museveni's challenge to human rights violations in Uganda, before he was President, gained credibility when former Assistant Secretary for Human Rights Elliott Abrams sharply criticized government-sponsored human rights atrocities in Uganda in 1984. By mid-1985, the United States had ceased disbursing foreign assistance to Uganda in light of human rights abuses and unrestrained civil violence. After his accession, President Museveni publicly thanked the United States for its uniquely forthright support of human rights in his country. We have now restarted our aid program and made a special grant of human rights funds to aid the Uganda Government's law codification project.

• In **Liberia**, though progress has proceeded by fits and starts, American attention to human rights has likewise yielded some promising results. The return to civilian rule, while widely welcomed, was also tarnished by widespread reports of shortcomings in the October 1985 elections, including restrictive party registration requirements, lack of open debate, the jailing of some opposition leadership, and a vote-counting procedure which undermined confidence in the results. Our economic support fund disbursements were consequently suspended for a period; they resumed only when conditions improved. In June, President Doe, after a great deal of prodding by the executive branch and Congress, ordered amnesty for a number of prominent citizens accused of involvement in an alleged coup attempt. Reconciliation talks between the government and opposition parties are continuing.

There are, of course, as I have noted, continuing examples of systematic and repressive denials of human rights in Africa. Let me cite one case in point. In 1984 and 1985, Ethiopia suffered a calamitous famine brought on, in part, by the government's attempts to impose the same discredited approach to peasant agriculture that had earlier caused the deaths of millions of Ukrainians, Vietnamese, and Cambodians. Last December, an international outcry led by the United States against forced resettlement caused the government to halt its brutal, ill-planned program. A number of very senior Ethiopian officials, most recently the Foreign

Minister, have sought political asylum abroad to protest the regime's oppression of its people and its subservience to the Soviet totalitarian model. Ethiopia's villagization program—a plan to move millions of people in rural Ethiopia into new, centralized villages—needs to be monitored closely. The Ethiopian Government knows the world is watching and that it will not tolerate a return to coercion and brutality.

Human Rights and U.S. Policy

Let me now describe what the United States is doing to promote human rights in Africa. Identification of abuses and strong U.S. statements in response are the first level of combatting human rights violations. In specific instances where human rights abuses are alleged, American ambassadors have standing instructions—sometimes supplemented by special directions from Washington—to make inquiries of local officials and try to bring about a change in the situation. Our annually published "Country Reports on Human Rights Practices" have become an accepted international standard by which to measure progress. Local officials know that their human rights performance will be weighed as we allocate increasingly scarce American assistance abroad.

But it is not enough merely to identify and protest human rights violations. The United States also directly attacks the causes and effects of human rights abuses through its assistance programs: in fiscal year 1986, the U.S. Agency for International Development and the State Department jointly administered a \$2-million human rights program in Africa. These funds were used to assist in law codification, to promote fair multiparty elections, to upgrade legal facilities, to educate people about civil and political rights, and to assist in the legal defense of those charged with violating repressive or discriminatory statutes. In addition, during this period, the United States provided over \$100 million in assistance to African refugees escaping turmoil and political persecution in their native countries. Of this amount, \$21 million was provided to the International Committee of the Red Cross, which, among other things, aids political prisoners and victims of persecution.

South Africa is an important example of how we combine diplomatic efforts with assistance programs to promote human rights. Starting with the President, we have spoken out forcefully to denounce the evils of apartheid and the

repressive state of emergency, voice our objections to the detention without charge of thousands of South Africans, and express our grave concern over allegations of torture occurring in detention. We make public and private demarches to the South African Government over specific allegations of human rights violations. For example, last week we called for an immediate, independent investigation into allegations that young people in detention were being abused.

One and one-half million dollars of the Africa human rights program were spent in South Africa last year. We support law centers which provide advice and legal representation for the victims of apartheid, apprentice opportunities for black lawyers, and law libraries which have become the central resource for legal research to defend those victimized by apartheid. We finance publications describing basic legal rights and teaching individuals how to protect their rights through the legal system. Such projects often go beyond legal assistance: in one case, we helped develop a water system in an area where blacks were threatened with forced removal. The water system helped them resist eviction from their homes by bolstering the argument that the community was viable.

Private U.S. firms operating in South Africa also play a very positive role in the struggle against apartheid. Not only have they invested millions of dollars to provide desegregated working conditions, educational and training opportunities, equal benefits, and housing assistance; they have also served as a force for change by their example. U.S. companies have led other firms—in particular, South African ones—to espouse the principles enunciated by the Reverend Leon Sullivan. While their role in South Africa is unfortunately diminishing, it has been unique, and I would argue that it is likely to prove irreplaceable.

We hope to continue and, the Congress willing, increase our assistance programs for black South Africans. Our goal is an audacious one: to help prepare them to take their rightful place in South Africa's economic and political life. Our \$25-million aid program for this year is unique because we carry it out without any tie to the South African Government.

This brings me to the always vital question of resources. Under this Administration, we increased our economic assistance to Africa 55% in the period 1980–85, playing an increasingly vital role in promoting growth-oriented economic development in Africa and, at

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the same time, advancing important U.S. strategic, political, and humanitarian interests in the region. We clearly had the momentum on our side. More and more African countries realized that they needed to turn to the West—rather than the Soviet-bloc countries—to obtain the critical economic support needed, particularly to restructure their economies along more market-oriented lines. Along with increasing economic openness, as I have suggested, there also came a rediscovery of the virtues of a more open society and the principles of human rights.

Unfortunately, during the past 2 years, the budgetary process has cut our economic involvement in Africa and our ability to help African countries make the difficult transitions they are attempting. Congressional cuts in foreign aid, legislative earmarks protecting the allocations of a relatively small number of countries and programs, and Gramm-Rudman will sharply reduce our economic assistance for Africa to \$705 million this fiscal year. That is 35% less than in 1985 and 18% less than in 1986. Unless this situation is reversed, we can expect serious damage to our interests in Africa. Among the consequences could be a reversal of recent African efforts to undertake the critical economic reforms that are so vital as underpinning to human rights reform. In southern Africa, moreover, we must have additional resources to ensure that the current downward spiral of violence and economic deterioration does not set that part of Africa back 20 years.

Conclusion

No other country in the world so directly and explicitly weighs its relationships in a point-to-point comparison with human rights standards. I am proud of our record and of the results we have achieved.

This Administration is both encouraged by some trends in African human rights performance and awed by the work still to be done. In many of the world's poorest countries, where subsistence living conditions are almost beyond the imagination of most Americans, we need development resources to assist us in urging governments to allow basic freedoms. Freedom of the press, religious tolerance, and free elections are noble goals and vital human rights. But people who do not have enough to eat or know how to read can hardly be expected to rise up to claim these rights until their basic needs are

met. We need the resources to assist governments in forming societies which claim those God-given freedoms. We must not walk away from Africa just as Africa is walking toward us. But without

your support, and that of Congress, for the resources necessary to build on what we and Africans have begun to accomplish, that is exactly what we may do. ■

Secretary Visits Canada

Secretary Shultz visits Canada on November 21, 1986, to meet with Secretary for External Affairs Joseph Clark. Following is a joint news conference by the two Secretaries.

Secretary Clark.² I'm particularly pleased to have the opportunity today to sign this instrument which complements a number of initiatives Canada has taken in response to threats to the security of civil aviation. In signing the agreement, Canada and the United States are seeking to ensure the security of the more than 13 million passengers who travel by air across our vast common border each year.

At the same time, it is recognized that aviation security can neither be ensured nor terrorism effectively counteracted by individual states alone, but only on the basis of cooperation and united action by the international community. In this regard, I am pleased to note that the assembly of the International Civil Aviation Organization (ICAO), meeting in Montreal on the first of October this year, unanimously adopted a Canadian proposal to develop a new International Agreement on Airport Security.

This resolution, cosponsored by over 30 countries representing all geographic regions and social economic systems, reflects a growing realization throughout the international community that united action is needed to close a gap in the existing ICAO framework concerning aviation security. The Hague, Montreal, and Tokyo conventions clearly govern security threats to aircraft in flight but do not adequately cover all terrorist threats or attacks at airports.

[In French: The very complete bilateral agreement signed today by Canada and the United States will help not only to reinforce security measures in the two countries, but also to serve, I hope, as a model for other bilateral accords, and reinforce the multilateral initiatives taken by Canada within ICAO to assure international civil aviation security.]

Secretary Shultz. The aviation security agreement, Secretary Clark and I have just signed, will strengthen the most

extensive commercial aviation partnership in the world. As you noted, with over 13 million people flying between our two countries each year, it very fittingly reflects our shared values and the spirit of cooperation between our two countries through a mutual commitment to take practical measures to combat international terrorism. Cooperation which we will continue as we press forward together on the Canadian proposal which you mentioned for a convention on international airport security introduced at the International Civil Aviation Organization assembly last month in Montreal.

I think this is a very significant step for us. From the standpoint of the United States, we have reached similar agreements with 15 other aviation partners, and we have active negotiations going on with some 60 other countries; and, this agreement with Canada is the strongest of any that we have.

So it represents an important statement and partnership and example in this continuing battle against international terrorism, and I feel privileged to sit here with you, Joe, and sign it.

Secretary Clark. Thank you very much. I just want to make one or two brief comments to begin the conference. We had a very useful and full discussion of a range of Canada-U.S. issues and also a number of international issues of concern to both our countries. Both governments are strongly committed to the bilateral trade negotiation between our two countries. Both countries are strongly committed to the quick engagement of the multilateral trade negotiations. I should say that we spent some time here, as we have in other meetings, dealing specifically with some of the problems that exist in international trade and agriculture.

A very important step forward was taken by the economic summit in Tokyo when agriculture was put on the agenda. That was followed through in the GATT [General Agreement on Tariffs and Trade] meetings in Punta del Este where there was a good and broad agreement reached to address agricultural issues under the GATT. I made clear again the

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singular importance to Canada of tangible progress on the question of acid rain consistent with the envoys' report jointly established by President Reagan and Prime Minister Mulroney.

We discussed at some length, and I found most valuable again, the opportunity to discuss with Secretary Shultz the new momentum that is developing in the world of arms control. Certainly in the view of Canada, the meeting at Reykjavik was a significant breakthrough. I personally was most impressed by the speech Secretary Shultz made in Chicago earlier this week, which I thought was a reassuring, strong, thorough statement of the position of the United States on arms control questions. I think the next step to be taken, exists to be taken by member nations of NATO whose foreign ministers met in Brussels in mid-December, and Canada looks forward to playing a continuing role in maintaining that new momentum on arms control.

Secretary Shultz. This has been a good meeting. It is one of a continuing series. We agreed to meet at least four times a year. We see each other more often than that and among the four, one explicitly in the United States, another in Canada for the purpose of the meeting and, of course, our President and Prime Minister also meet each year. So we have lots to talk about and we work at it together, and I think it pays off.

It pays off in working through various questions that we have between us, whether they're of the trade nature or environmental nature or other aspects of our relationship which is a gigantic relationship. It pays off from the standpoint of sharing views on matters such as arms control that you mentioned. It pays off in the economic scene as we review these potentially very significant negotiations on a free trade regime between the two countries.

It helped a great deal in Punta del Este at getting started on the new GATT round and you were—I wasn't present, but all of my delegation spoke about the leadership you gave personally in the whole meeting. We were glad to cooperate and follow your lead in that. So, it's been a very worthwhile overall set of exchanges and this particular meeting fitted into that pattern.

Q. One of the things you talked about today was the Iranian arms question. One of them, there are new reports of Washington's—

Secretary Clark. What's the question?

Q. Was Canada one of the countries involved in secret arms sales to Iran, and did the two of you discuss that issue today?

Secretary Clark. No and no. The second question, just to be clear on that, there was no discussion of any Canadian involvement in any kind of secret arms sales to Iran because we are not engaged in any secret arms sales to Iran. There were, as you know, sales of some helicopter engines which were for peaceful purposes. We found out that they might have been diverted. We are putting an end to that diversion with all the means at our disposal.

Q. When did you find out that several other countries were selling arms to Iran with U.S. approval, and which countries were selling arms to Iran with U.S. approval?

Secretary Shultz. I am not going to respond to questions about various Iranian-related issues. The people who have been closest to that subject have been testifying in Washington, and I think it's best to let it rest there.

Q. If there is substantial progress on arms reduction, is Canada prepared to substantially increase its troop commitment in Western Europe?

Secretary Clark. This government has already increased Canada's troop commitment in Western Europe. That was one of our campaign commitments during the election. We followed through on it early on in our mandate. We intend to maintain a strong Canadian presence there. Obviously, one of the questions that has to be considered, as questions of arms control and related issues evolve, is the continued role of conventional defense. There will be a major role; Canada intends to continue to play our active part.

Q. Would you increase beyond what you've done already?

Secretary Clark. We've no immediate plans to increase, but I make the point that we just have.

Q. You said that you participated in two full-scale discussions at the White House of the U.S. involvement with Iran. Can you tell us whether you knew after those two full-scale discussions that the United States would make secret weapons shipments to Iran?

Secretary Shultz. I give you the same answer that I already gave on a question on that subject.

Q. You said that you found out that there may have been diversions of helicopter parts and you said that you

are putting an end to that diversion at all means at our disposal. Have you found out how the diversions are taking place and what are the means at your disposal?

Secretary Clark. We are not sure that they have taken place. There is a possibility that they have. The engine parts in question were shipped as I understand on the 29th of October. They may not have arrived. The instrument available to us is to require an end-users certificate. We have the full cooperation of Pratt and Whitney who was the manufacturer in securing that, in having that certificate sought and secured. The Iranian Charge has been or will be called in by our officials as a further means of ensuring that Canadian goods destined for peaceful uses were used peacefully.

Q. You say you found the Secretary's speech in Chicago to be reassuring. What was it that was so reassuring about that speech and on what points did you need reassurance?

Secretary Clark. I didn't require reassurance. But I think what was reassuring about the speech—and I would presume to recommend you read it.

Q. I have.

Secretary Clark. I would then presume to recommend that you report it—I shouldn't do that. [Laughter]

I think that it made clear that the developments at Reykjavik, while they went beyond what many people expected might occur, were part of a pattern of preparation for movement and momentum in arms control that is continuing. I think that many of the allies of the United States, including Canada, are reassured by the reiteration of the United States that the practice of consultation which has been followed faithfully and effectively in our judgment by the United States will continue, and that there will be an opportunity for Canada and other allies to continue in the context of NATO to elaborate other steps; not simply to elaborate other steps but consider together the consequences of the progress that is possible in arms control.

Q. If there are to be massive reductions, large-scale reductions of ballistic missiles, one could presume that the cruise missile threat might increase. What might this mean as far as the North American Defense [Command] system, NORAD? Might Canada have to increase its commitment to NORAD, or might there have to be large-scale defenses against the cruise missile threat?

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Secretary Shultz. We'd like to see the threat reduced. But the fact of the matter is that the Soviet system and our system, the Western systems, are different and so I think you have to foresee that we will continue to need to be able to defend ourselves effectively and to have a way of deterring aggression so that it doesn't take place.

If we have fewer ballistic missiles, then you have to look to the other means you have to exercise that deterrence. I took it that that was the point of the question earlier about conventional arms, and I agree with the implication and said that in the Chicago speech. And other means.

So your bombers and cruise missiles and things like that play a part in maintaining your ability to deter aggression—an important part. And I think what Mr. Clark and I have been doing today in that portion of our discussion, and I think our discussion undoubtedly will be extended into what the NATO ministers talk about in Brussels next month, will be a reexamination of the implications for what we should be doing of the possibility of the sharp cuts in the INF [intermediate-range nuclear forces] area, in the area of strategic arms let alone other things and that's the process that is going through. I think it is a very healthy process.

Q. Along the same lines, I'd like to ask whether Mr. Clark has expressed a concern in your discussions today about the possibility of the U.S. breaking of the SALT [strategic arms limitation talks] II Treaty. Were you able to achieve [inaudible]?

Secretary Clark. I raised Canada's concern about SALT II and I made the point that SALT II apart from—that SALT II possesses among other things, a very important symbolic significance and reiterated a position that I have before. I wouldn't want to associate myself with your description of the mutual, of the respective positions of the countries on that question.

Q. [Inaudible]

Secretary Clark. [In French: We discussed the free trade question in a general way. We discussed the common undertaking of the two governments, of the President of the United States and the Prime Minister of Canada . . . Insofar as discussions now taking place in Vancouver are concerned, we did not discuss these talks because there has been no declaration by the Prime Minister coming out of them.]

Q. [Inaudible] Secretary as you have done in the past, whether Canada thinks it advisable to [inaudible] limits

Secretary and Marine Commandant Sign Memorandum of Understanding



(Department of State photo)

On December 15, 1986, Secretary Shultz and Commandant of the Marine Corps General P. X. Kelley signed a Memorandum of Understanding between the U.S. Marine Corps and the Department of State which provides for Marine security guards at U.S. Embassies around the world. The signing marks the 38th anniversary of the agreement, whereby, specially trained Marines

guard embassy personnel and classified documents at U.S. posts overseas. This year an additional 100 Marines have been authorized for the U.S. Embassy protection program abroad. As a result, Marine security guards will be assigned to 10 new posts by the end of 1987.

Press release 261. ■

on cruise missiles and [inaudible] bombers as a result of the superpower talks following Reykjavik?

Secretary Clark. That particular question did not come up as you put it today. Obviously, as Secretary Shultz has just indicated, if we are to achieve the kinds of reductions that were discussed at Reykjavik and that are still capable of being discussed at Geneva, that will have implications for Canada given our geography and our location. But we haven't discussed that at any particular length today.

That's the kind of thing that I think would be very useful for representatives of allied countries to consider with some urgency, but also some care and some frankness and I hope that that opportunity will be provided in some of the meetings of NATO foreign ministers.

Certainly, the opportunity for that, the setting—the stage has been set for that by the extensive consultations with its allies that the United States has undertaken, and in my judgment by Secretary Shultz's speech in Chicago which now that I am assured has been reported extensively in the American press, I hope might receive some attention in the Canadian press.

Q. Was the subject of sanctions against South Africa discussed; and if so, what would Mr. Clark's reaction be to the announcement that Bata Shoes has terminated its operations there?

Secretary Clark. The discussion of policy toward South Africa was discussed generally. I welcomed the decision by Bata to remove its investments and its association from South Africa.

As I have indicated in the House 2 or 3 days ago, Archbishop Ted Scott, who was the Canadian member of the Eminent Persons Group, has been consulting with Canadian and American companies, which are considering the nature of their future in South Africa, and will be making some recommendations to me as a basis for conversations I might have with other Canadian businesses that have interests there.

Q. I am wondering if the White House shares the view of your trade negotiator, Peter Murphy, that the Congress may not be inclined to endorse a trade deal if Canada does not move to exchange rates more in line [inaudible].

Secretary Shultz. I don't think the exchange rate issue is really a part of these free trade negotiations. The talks have been going along quite well, but I think we need to interject into them a strong sense of urgency and push, so that we really try to get something accomplished certainly in the next 6, 9 months or so, because we have a great opportunity here to do something of tremendous significance.

I have to look at it from the standpoint of the interest of the United States. It will benefit us. I believe it will benefit Canada even more, but the real point is both parties can get a lot out of it. So we need to work on it hard, and Ambassador Murphy is doing so, and I hope very much that we will have a successful conclusion to this effort.

Q. When you spoke about the possibility of the Pratt and Whitney shipments being diverted for military purposes as opposed to the commercial purpose for which the aircraft parts are being sent there, have you thought or have you asked for American assistance to find out if there was in fact any diversion?

Secretary Clark. No.

Q. Are you going to?

Secretary Clark. I don't know that American assistance would be germane in this case.

Q. Intelligence?

Secretary Clark. We are pursuing directly through the company, through the user, and through the Iranian Charge. I expect we'll find out what we need to know and be able to ensure that undertakings given to the Government of Canada by exporters will be honored.

¹Press release 254 of Nov. 24, 1986.

²Secretary Clark spoke in English and French, and his remarks in French were translated. ■

China Policy Today: Consensus, Consistence, Stability

by Gaston J. Sigur, Jr.

Address before the World Affairs Council of Northern California in San Francisco on December 11, 1986. Mr. Sigur is Assistant Secretary for East Asian and Pacific Affairs.

It's a pleasure to appear before this outstanding forum this evening. Those of you here in California have particular appreciation for the importance the East Asian and Pacific region bears to our lifestyles and livelihoods. The Reagan Administration has done more to register this awareness, in Washington and nationally, than any other. As one who has spent many years living both in Asia and in California, I am acutely sensitive to the significant evolving interdependence between our peoples, between our industrial and commercial enterprises, and between our political and security systems. While the nations of East Asia and the Pacific are culturally diverse and at different stages of economic and political development, the region as a whole is critical to us and will play an important role in our nation's future.

China is known far better to us today than 20 years ago, but it is no less intriguing. It is a study in contrasts—the largest Asian nation with one of the region's smallest per capita income rates; a socialist state experimenting with certain free market principles; a historically preeminent ethnic group with numerous heterogeneous characteristics; and a nationalistic-minded people divided by two competing political systems. Whatever its future, China is destined to remain a significant player in Asian affairs and a reckoning factor in our own objectives there.

Five weeks ago I traveled to the People's Republic of China (P.R.C.), my first visit there since becoming Assistant Secretary of State, although I have visited the country several times before. Perhaps more so than on any previous trip, I sensed that our relations now are firmly on a stable and durable course. I attribute this, in great part, to the consistence and consensus which have characterized this Administration's China policy for 6 years, as well as to the success of our two nations in preventing certain differences from impeding overall progress we are achieving.

The Policy Framework

The framework for our relationship with China is provided in three key documents: the 1972 Shanghai communique, the 1979 Joint Communique on the Establishment of Diplomatic Relations with the P.R.C., and the 1982 joint communique with Beijing. Collectively, these agreements set forth fundamental principles which have guided, and continue to guide, U.S.-China relations. Our support for these principles has not diminished. One of the basic principles is our acknowledgment that Chinese on both sides of the Taiwan Strait maintain there is but one China and that Taiwan is part of China. A second fundamental principle is our conviction that the future of Taiwan should be determined by Chinese on both sides of the strait and that the predominant U.S. interest is that the issue be resolved peacefully.

In normalizing relations with Beijing, we also established a framework for continuing commercial, cultural, and other relations on an unofficial basis with the people on Taiwan. Statutory affirmation of these elements by means of the 1979 Taiwan Relations Act reflected a commitment by the American people to remain faithful to their friends on Taiwan.

One cannot formulate policy toward China without considering its impact upon other countries in the region such as the Soviet Union, Japan, Korea, Southeast Asian nations, and the world at large. China has long been a major factor in East Asia. In recent years, it has become a much more active player on the global stage, and its views and policies increasingly make a difference in international fora. This is a trend we accept and support and one we expect will continue in the years ahead.

Unlike so often in the past, our China policy today is based upon a remarkable degree of consensus within the executive and legislative branches of the U.S. Government as well as among business and local interests around the country. In addition, our Asian friends and allies have indicated that, while they do not always agree with every detail of our policy, they understand and essentially concur with our objectives. Although other hotspots in Asia capture more of the headlines, we continue to devote considerable effort and attention to China.

U.S. relations with the P.R.C. have had a positive, stabilizing influence upon the East Asian and Pacific region. This factor has been strengthened by the consistency of our policy. Our objectives have been defined clearly, and our intentions have been articulated consistently, thereby reducing uncertainties both at home and abroad.

Consistency does not signify an immutable and unchanging policy. Quite the contrary, consistency means living up to our principles and commitments in a constantly changing environment. Policy cannot be frozen. It has to be alive and responsive to new variables and considerations. Our relations with China have developed creatively within a consistent policy framework, in accord with our fundamental interests and long-term objectives. We have been able to adapt our policy, when necessary, to meet new challenges and opportunities.

Recent Developments

In recent months, there have been significant new developments, both in the P.R.C. and Taiwan, as well as in Soviet interest toward Asia.

- China's leadership has proposed new guidelines for political reforms as a means of further pursuing economic modernization.
- Secretary of Defense Weinberger had a most successful visit to China in October, and the first U.S. Navy ship visit to the P.R.C. took place last month.
- Last week, Taiwan held important elections representing further political evolution on the island. We welcome evidence over the past several months that the authorities on Taiwan are taking significant initiatives for political reform, reflecting a realistic and confident approach to the future.
- Soviet General Secretary Gorbachev's speech in Vladivostok last July indicated that Soviet solicitations toward East Asia, and particularly China, will be pressed more vigorously.

These developments demonstrate the dynamism of the political and economic situation in and around China. In this context, it is important to understand the basis of our China policy, the current state of our relations, and the direction in which we are going.

Genesis of Our Policy

U.S. relations with China have undergone a remarkable transformation in the past decade and a half. It was just over 15 years ago that President Nixon made

his historic visit to China, cutting through more than two decades of isolation and hostility between our two countries. The unique confluence of U.S. and Chinese interests at the time made his trip possible; but only through the far-sighted efforts of statesmen on both sides were we able to overcome the immense ideological hurdles.

While the international situation has changed significantly since the early 1970s, the foundation built by conscientious efforts at that time remains the basis for Chinese and American policies. The fundamental premise was and remains our shared view that neither China nor the United States is a threat to the other's security, that we need to work in parallel to counter policies detrimental to our two countries, and that both our countries have much to gain from a constructive relationship. Over the years, we have built broad, mutually advantageous ties, and we are confident that our relations will remain on solid ground.

Our decision to normalize diplomatic relations with China in 1979 evolved from the belief that establishing closer, mutually beneficial ties with China could contribute substantially to peace and stability in East Asia. We wanted to help promote a modernizing China which would act responsibly and independently of external pressure. The best way to advance this objective, we believed, was to support China's efforts at economic modernization. The significant progress that China has made toward its modernization goal over the last few years has been made possible by the expansion of market forces within China and increased ties with free market economies outside of China. We have supported China's active participation in international financial institutions and other international organizations and its expanding trade relations with its neighbors. In the past few years, we also have begun a limited program of defensive military cooperation with the Chinese.

Current State of Relations

Since the normalization of relations in 1979, our bilateral ties with the P.R.C. have expanded far beyond the narrow strategic focus that brought us together in the early 1970s. We have experienced some ups and downs, but, increasingly, we have been able to narrow our differences and prevent them from affecting the fundamental basis of our relationship.

The most dramatic growth has been in the economic area. This has been due partly to enthusiastic participation by American business in developing China trade. Also, China sees the United States as a primary source of advanced technology, managerial expertise, and technical information which can assist in its modernization. Last year, bilateral trade exceeded \$8 billion. This year we expect that figure to exceed \$9 billion. The United States now is China's third largest trading partner, and its second largest investor with over \$1 billion committed. American business in China is involved in everything from oil exploration, mining, and industrial production to legal services and finance.

Naturally, our expanding economic relations are not without a number of specific problems and disputes. American businessmen complain about a poor investment climate in China. Indeed, foreign investment has fallen off significantly this year. American exporters complain about Chinese import barriers, unclear trade regulations, and the absence of copyright legislation. Our governments disagree over balance-of-trade figures, due to different statistical bases used in calculating exports and imports. There has been a sharp growth of Chinese textile exports to this country, prompting more demands for protectionist legislation. We still have not agreed on a bilateral investment treaty. And the Chinese contend that our liberalization of technology transfer controls has not gone far enough. It is a tribute to the strength and maturity of the relationship that such difficulties are being discussed on a pragmatic, nonpolemical, case-by-case basis without threatening the overall development of trade.

In the areas of science and technology, a key Chinese development priority, we are very active. Our bilateral scientific and technological exchanges are the largest we have with any country. Hundreds of delegations pass between our nations each year, providing China with information on technical, scientific, and managerial subjects. China also has much to offer us in the fields of medicine, scientific experimentation, and earthquake prediction. The benefits are mutual, and we expect them to grow as we increase our cooperation and exchange of information.

The United States hosts approximately 17,000 students from the P.R.C. When these students return to China, they not only will contribute to China's modernization but also will have a much better understanding of the United States. Through these returning

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students and through our support of China's technological development, we help to strengthen China's ties to the outside world.

Reforms in China

Internal changes in the P.R.C. have led to new vitality and prospects for further progress. Since 1978, China has implemented far-reaching economic reforms. In connection with that effort, it has expanded its relations with foreign countries, a process often described as the "open door" policy. The success of its modernization goals depends on this decision. Through the open door flow the foreign expertise and technology China needs to further its modernization objectives; and it is in our interest to help stimulate China's economic development. A politically stable, modernizing China is in a better position to resist outside pressure and intimidation and is less likely to be a disruptive factor in Asia. China will modernize; the critical questions are: at what pace and with what kind of orientation? Although Chinese efforts will determine whether or not their goals are achieved, we believe that continued U.S. participation in the process will serve our long-term interests.

Some suggest that our relations with the P.R.C. might be equated with the care and feeding of a "baby tiger." China's key reformer, Deng Xiaoping, is elderly, and many, both in China and abroad, wonder whether his pragmatic, moderate policies will continue after his death. His reforms and open door policies do not enjoy unanimous support in China, and the pace and scope of reforms continue to be the subject of some controversy. Decentralization of economic and political decisionmaking and power requires adjustments in traditional patterns of party and bureaucratic control. Some Chinese leaders worry about negative Western influences sneaking through the open door together with the positive accoutrements of the West so desired by China.

Given the vagaries of China's modern history, some observers fear that China's open door one day may be slammed shut and the P.R.C.'s moderate policies reversed. Fortunately, the prospect is unlikely. While Chinese leaders are determined to avoid "foreign entanglements," they also will avoid reversion to uncompromising self-reliance and isolation. Internal economic reforms have generated more economic development in the past 8 years than China has witnessed in many decades. The standard of

living of millions of Chinese has improved; and continuing stability and moderation in the years ahead will expand these benefits. Attempts to reverse the trend undoubtedly would be opposed by a great majority of the people.

China's commitment to its open door policy is reflected well in its relationship with Hong Kong. After lengthy negotiations, China and the United Kingdom reached agreement in 1984 on Hong Kong's reversion to Chinese sovereignty in 1997 with its economic system intact. While many details remain to be worked out, we are encouraged that Hong Kong's unique status as a commercial center and a gateway to China will continue long into the 21st century.

While differences remain apparent in China over the pace of the reforms, overall results indicate that the momentum for reform will continue.

Regional Implications

In the political realm, the development of a comprehensive dialogue on regional and global issues has deepened significantly our understanding of each other's interests and policies, thereby reducing disagreements and potential frictions. As I noted earlier, we both have been concerned about Soviet actions that threatened international peace and stability.

There have been recent signs that the Soviet Union, as a Pacific power, will begin playing a larger role in Asia. We believe Gorbachev's Vladivostok speech is only the beginning of a new round of Soviet activism in Asia. Moscow may attempt to increase its influence in the region through subtle tactics designed to overcome the suspicions most Asian nations have of Soviet intentions. Our friends and allies in the region are not impressed by empty rhetoric. Nor do they find much that is attractive in the Soviet Union's economic system, and they will judge Moscow by its actions rather than its words. If Moscow wishes to participate in the region, rather than offering a vague program for peace and stability, it should start by addressing some of the sources of continuing tension in East Asia. The Soviet Union should reduce its troops in Afghanistan and along the Sino-Soviet border. It should take steps to persuade Vietnam to withdraw its occupying forces from Cambodia. It should reduce its military support for North Korea. It should reduce its massive deployment of SS-20 nuclear missiles in Siberia, which threatens China, Japan, and other countries in Northeast Asia. I am not opti-

mistic that the Soviet Union will take any of these steps.

In contrast, the United States is engaged in a close and positive dialogue with friends and allies throughout the region. Our discussions with China on political and economic issues have been fostered by a regular exchange of high-level visits between leaders of both countries. This series of visits has been most productive in strengthening areas of agreement and reducing differences. Both sides feel comfortable in expressing their views frankly and unemotionally.

There are a number of areas where we and the Chinese share parallel interests.

In Southeast Asia, for example, the Chinese actively participate in efforts to end Vietnamese occupation of Cambodia. China supports the resistance movement and keeps Vietnamese forces engaged on the Sino-Vietnamese border.

In Afghanistan, the Chinese condemn the Soviets for their continued military operations and are strong supporters of the Afghan resistance. The Chinese have made it clear to Moscow that the Soviet military presence in Afghanistan and Soviet support for Vietnam's occupation of Cambodia, along with Soviet troop deployments on the Sino-Soviet border, are the three main obstacles to improved Sino-Soviet relations.

On the Korean Peninsula, the Chinese seek, as we do, to reduce tensions between the North and South. Our two governments may differ on how this can be accomplished, but the same objective of peace is sought. Despite China's unwillingness to promote political or official ties, its indirect trade with the Republic of Korea continues to grow at an impressive rate. China had the largest delegation at the recent Asian Games in Seoul and took the unprecedented step of sending its athletes there by direct, chartered flights. We believe it would serve the interest—which both we and China share—in peninsular stability for Pyongyang to resume direct talks with Seoul and for the North to participate in the 1988 Olympics.

Japan is China's leading trade partner and, thereby, plays a key role in China's economic modernization. Common interests and mutual respect dominate their bilateral ties, as shown by Prime Minister Nakasone's successful trip to China last month. China's policy toward Japan is shaped by many of the same factors that determine China's policy toward the U.S.—concern about

the Soviet Union and the need for investment, trade, and advanced technology.

Despite our many areas of agreement, we do have differences with the Chinese on certain international issues, primarily concerning regions outside of Asia, such as the Middle East, Central America, and Africa. These are areas more remote from China's immediate interests and security concerns, where Beijing follows other political motivations, such as a need to demonstrate its "independent foreign policy." In such cases, China is prone to take public positions more in sympathy with Third World nations and at odds with our own.

While we cannot expect that two countries as different politically, economically, and culturally as China and the United States will share identical views on all world issues, we do object to positions they take in international fora which run counter to U.S. interests and our friendly relations. In order to prevent misconceptions, we engage in frequent consultations, which have helped improve Chinese understanding of our foreign policy.

Military Cooperation

In addition to the broad expansion in our economic, science and technology, and political relations, we have moved, in the past 3 years, into the more sensitive area of military cooperation, including the sale of defensive arms to China. This limited security cooperation is proceeding cautiously and deliberately. It is rooted in the assessment that we share common security concerns. The willingness of the United States to sell specific defensive weapons or technologies to the P.R.C. is based on a thorough analysis of each item's utility for enhancing Chinese defensive capabilities, in light of the political-military environment. We also carefully take into account the interests and concerns of our other friends and allies in the region through frequent and regular consultations with them on this issue.

Our military cooperation to date has been limited to approval of the sale of three specific weapons systems—a large-caliber artillery munitions manufacturing plant, avionics components for the F-8 defensive interceptor, and antisubmarine torpedoes. Other defensive items are under consideration.

Taiwan Relationship

Let me turn now to the Taiwan aspect of our China policy. In 1979, we established, by law, a framework for conducting unofficial commercial, cultural, and other relations between people in the United States and people on Taiwan. Within this framework, unofficial relations have flourished remarkably. In 1985, 180,000 Americans traveled to Taiwan, and 100,000 people from Taiwan came to the United States. There are approximately 21,000 students from Taiwan studying at American universities and about 1,000 American students studying in Taiwan. This is a vibrant, varied relationship which benefits both our peoples.

Time has shown that normalization of U.S.-P.R.C. relations was accompanied by a relaxation of tensions in the area and by China's turn toward moderation and responsible international participation. Because of our faithfulness to our friends, the people of Taiwan, no less than others in the region, have benefited from this positive development.

U.S.-Taiwan trade nearly has quadrupled since 1978, the final year of our diplomatic relationship, to reach an estimated \$25 billion this year. Nearly 50% of all Taiwan's exports go to the American market, and Taiwan is our 11th largest export market worldwide. Direct U.S. investment in Taiwan totals \$750 million. Under these conditions, Taiwan has prospered; this year, its growth rate may reach 9%.

Ironically, Taiwan's economic success has created certain irritants in our commercial relations—cigarettes, steel, tariffs, machine tools, export performance requirements, and counterfeiting, to name a few. Taiwan has taken action to remove many of these irritants and to try to diversify its overseas export markets. These steps are appreciated, as are Taiwan's efforts to purchase more American grain and to improve intellectual property protection. Nevertheless, Taiwan's trade surplus with the United States will increase this year to approximately \$15 billion, which is much larger in per capita terms than our deficit with Japan. In such circumstances, demands from U.S. industry for greater access to Taiwan's market are reasonable. We're pleased, therefore, that Taiwan agreed last week to grant us market access for tobacco, wine, and beer, on terms which we find satisfactory.

Taiwan's foreign exchange reserves now have surpassed \$40 billion, an

amount equivalent to more than 18 months of its imports. Taiwan is in one of the strongest foreign exchange positions in the world. With such sizable reserves, Taiwan's currency has appreciated somewhat. However, given Taiwan's global trade surplus and its strong reserves, one would expect a further appreciation.

These issues are the by-products of Taiwan's success. Most of our trading partners gladly would exchange their economic woes for Taiwan's situation. The island's economic success and its vital commercial ties with the United States have done much to give the people on Taiwan greater confidence in the future and in their own ability to deal effectively with other challenges facing their society.

In drafting the Taiwan Relations Act 7 years ago, Congress declared that any nonpeaceful efforts to determine Taiwan's future would be "a threat to the peace and security of the Western Pacific area and of grave concern to the United States." The sale of defensive arms to Taiwan, mandated by the act, continues. The U.S.-P.R.C. communique of August 17, 1982, sets certain parameters for conduct of the sales. In return for Beijing reiterating that its fundamental policy is to seek a peaceful resolution of the Taiwan issue, the United States agreed not to increase the quality of arms sold to Taiwan and to reduce the quantity gradually, over time. The United States will abide faithfully by its undertakings in this communique.

Some have urged the U.S. Government to become involved in efforts to promote peaceful resolution of the differences between Beijing and Taipei. However, there is a real danger that American involvement would be counterproductive. For at least two decades, we have viewed this issue as an internal matter for the P.R.C. and Taiwan to resolve themselves. We will not serve as an intermediary or pressure Taiwan on the matter. We leave it up to both sides to settle their differences; our predominant interest is that the settlement be a peaceful one.

Earlier this year, a Taiwan cargo plan was hijacked and flown to China. The authorities on Taiwan authorized airline-to-airline talks to gain the return of the plane and some members of its crew. The success of these talks demonstrates the virtue of letting the Chinese work things out for themselves.

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Democratic Progress

I want to add a few words about internal political developments in Taiwan.

During the past 6 months, some remarkable and encouraging steps toward greater democracy have been initiated by the authorities in Taiwan. In October, Chiang Ching-kuo announced that the martial law emergency decree would be terminated and that a ban against the formation of new opposition parties would be lifted. Opposition leaders, sensing these winds of change, have pressed ahead with the formation of a new political party.

These developments represent a very significant evolution of Taiwan's political institutions. We commend the foresight and determination that have set this process in motion. We also recognize that the transition to a functioning democratic party system will not be easy. There may be difficulties along the way, but we are impressed by the process which has begun.

Conclusion

Let me conclude my remarks with the observation that, more so than ever before, we Americans are aware of the opportunities and challenges we face throughout East Asia and the Pacific. The many nations of the region have a firm claim on our attention—some due to their close, traditional friendship and alliance with us, others because they exhibit hostility or instability. We seek to maintain our good relations with the former while working to reduce tensions and differences with the latter.

China occupies a unique place in the region. The remarkable progress in our relations with this great country has had a major impact on the rest of the area. We believe the basic premise of our policy toward China—that it can be a force for peace and stability throughout East Asia—is correct and is producing positive results.

There still are differences between us, and we do not take this critical relationship for granted. On the contrary, we devote considerable effort and attention to ensuring that we are responsive to changes in both our bilateral ties and the broader situation in the region. I am confident that, through cooperation and good will on both sides, we can continue to strengthen our bonds with China to our mutual benefit. ■

Vitality and Possibility on the Pacific Rim

by Gaston J. Sigur, Jr.

Address before a conference sponsored by Meridian House International for business executives from the United States, Japan, and Latin America on December 3, 1986. Mr. Sigur is Assistant Secretary for East Asian and Pacific Affairs.

I am very pleased to be here with you today. It is appropriate that this symposium takes place in the house built by Ambassador Irwin B. Laughlin, who served in the Foreign Service in Japan between 1893 and 1907. Meiji Japan had a great allure for Americans, and judging from Ambassador Laughlin's fine collection of *ukiyo-e*, he must have been intrigued with the country. It was a fascinating time. A quarter century after the Meiji Restoration, Japan retained an exotic flavor for Westerners. Yet the fall of the shogunate had released a tremendous vibrancy. The energy and vitality that characterized the Meiji era persists in Japan, and a similar dynamism has emerged in other countries along the Pacific rim in East Asia. It is what makes the region so promising and important to the United States.

Trade With East Asia

East Asia has become our primary source of trade. In 1985 the region accounted for about one-third of our global two-way trade. The East Asian region also contains our most dynamic trading partners. From 1981 through 1985, U.S. trade with the world increased by 13%, but with East Asian and Pacific countries our trade increased by almost 42%. The United States is the number one market for Korea, the Philippines, Singapore, Taiwan, and Hong Kong as well as for Japan. What frequently is overlooked is that 7 of our 20 largest export markets are in the region. In addition to Japan, they include Korea, Australia, Taiwan, China, Singapore, and Hong Kong. U.S. investment in the region exceeds \$33 billion and, like trade, is growing.

Most predictions project growing interdependence among the economies and societies of the Pacific rim. By the year 2000, it is almost certain that the Pacific Basin will account for more than 50% of the world's production. U.S. ties to Europe will remain strong, but our future growth increasingly lies in East Asia and the Pacific.

Success in Development

Northeast Asia in particular has shown the way to effective economic development. Many of the region's governments have adopted development strategies which encourage private sector initiative, and they serve as practical models for developing countries in other regions. Businessmen have been willing to risk domestic investment that exploits new technologies, improving quality while cutting costs. The labor force is hard-working, highly educated, and adaptable. The most successful countries in the region have promoted industries geared to competitive exporting. The concentration on exports has multiple benefits. It overcomes the limitation of small domestic markets, imposes cost consciousness, and eases foreign exchange constraints.

This development strategy has clearly paid off. The Asia-Pacific region's share of world exports more than doubled between 1960 and 1984, rising from 7.5% to 17%. The success of this growth model, based on exports, is even more obvious when one finds that the economies of Taiwan, Korea, and Singapore expanded much more quickly when they abandoned import substitution strategies for outward-looking policies. The export-led growth has been sustained by sound financial management. The Asian countries with rapidly growing economies have followed sensible exchange rate policies. They also have encouraged domestic savings through intelligent banking regulations and have sought foreign investment. In general these successful countries have avoided market distorting price-fixing and subsidies. It is no coincidence that the debt-service ratio of the East Asian developing countries is the lowest of any region—18% in 1985.

Survey of East Asia

It is handy to talk of the "East Asian region," but that term hides a great diversity. The region can be divided into five categories by degree of economic development: first, Japan, Australia, and New Zealand; second, the newly industrialized countries—Korea, Hong Kong, Taiwan, and Singapore; third, the rest of the ASEAN countries; fourth, China and the Pacific islands; and finally the stagnant, closed socialist economies of Asia.

The newly industrialized countries initially concentrated their efforts on producing labor intensive products in the

1960s as Japan's technological endowment and wage costs began to rise. They now are rapidly increasing the production of manufactured goods, while Japan, of course, is making high tech products. As a result of yen appreciation, lower oil prices, and reduced interest rates, Taiwan and Korea are booming. Korea's dramatic achievement of a global current account surplus this year will permit it to reduce its debt.

China and the ASEAN countries, other than Singapore, are now entering the labor-intensive niche the newly industrialized countries are abandoning. At present the ASEAN countries, especially the oil producers—Indonesia and Malaysia—depend on raw material exports. They are suffering from generally depressed commodity prices. In the short term, some may need assistance. In the medium term, these countries must expand manufactured exports, and to do that they should improve the climate for foreign investment.

China has witnessed the economic growth in other countries in its region and understands the implications for improving the living standards of its own people. Accordingly China has been changing its economic system to include more market-based policies. China's recent extraordinarily high growth rates are encouraging, and we look forward to that country's continued growth and integration into the global economy.

These days we tend to dwell gloomily on the implications of the economic growth in East Asia. I refer, of course, to the region's competitive challenge to American companies and to the United States' very large trade deficit with Asian countries. These developments pose serious questions, and our government and companies must deal with them. At the same time, we should recognize that the growing prosperity in East Asia contributes mightily to political stability and ultimately to our security.

East Asian prosperity has depended on the openness of the U.S. market. The United States has been a ready market not only for the countries in Asia but for developing countries elsewhere as well. In 1985 the United States bought 61% of the developing countries' exports of manufactures. Realistically this situation cannot go on forever. Other countries, especially Japan, must open their markets to allow an increase in imports from the developing countries and from the United States as well. We can continue to be a good customer only if we enjoy access to the markets of our trading partners.

U.S.-Japan Interdependence

Let me now turn from the broad overview of the region to consider our economic relations with Japan, which in 40 years has become an economic superpower and an economic model for many of the other countries in East Asia.

The United States is bound to Japan by a history of friendship and cooperation. We share a commitment to democratic values, a common view on the important international questions, and a security framework. Our governments consult and cooperate closely on international political affairs and on the management of the world economy. Though often repeated, it remains true that the relationship between the United States and Japan is one of the most important bilateral relationships in the world.

The economies of the two countries also now are tied in an increasingly tight and strong mesh of trade and investment. It is commonplace to note that, after Canada, Japan is the United States' largest trading partner. But the statement hides the complexity of the relationship and the growing integration of the two countries' economies.

When we think of Japanese exports to the United States, we usually think of consumer products—cars, cameras, VCRs. Certainly we buy those things from Japan in abundance. But of the United States' \$72 billion of imports from Japan in 1985, over \$8 billion were components used by U.S. manufacturers. Another \$2.2 billion were products made by U.S. subsidiaries in Japan and shipped to the United States. According to Commerce Department statistics, Japanese subsidiaries in the United States in 1983 exported \$22.9 billion, which was 11.4% of U.S. exports that year. In 1985 we shipped \$22.6 billion to Japan, more than 10% of our global exports and more than our exports to the United Kingdom and West Germany combined.

Japan is now, after the United Kingdom and the Netherlands, the third largest foreign investor in the United States. The Ministry of Finance has reported that at the end of 1985, Japanese investment in this country stood at \$25.3 billion, up \$5.4 billion from the year before. The rapid growth of investment by Japanese companies suggests that the integration of the two economies will continue. Several months ago *Business Week* debated whether increased Japanese investment in the U.S. economy was beneficial and concluded that it was. On balance I agree. The United States needs capital, and it can benefit from the investments and

technology that Japanese companies will be able to provide.

Trade With Japan

We expect that for 1986 Japan will have nearly a \$60 billion trade surplus with the United States and a global current account surplus of over \$80 billion. Japan has the lowest average tariff on manufactured goods of any developed country and has relatively few official trade barriers of other sorts. Yet there are anomalies which suggest that the Japanese economy is still not as open as it might appear. Japan has the lowest per capita imports of any major developed country—\$1,106 compared with \$1,580 for the United States and \$2,611 for West Germany. It has the highest per capita manufactured exports to developing countries. At the same time, except for France, it has the lowest manufactured imports from developing countries—\$69 compared with \$285 for the United States and \$145 for West Germany. Not just American companies but European and Asian exporters complain of the difficulty of selling in Japan.

Taken together, the real and perceived problems of entering the market, and the size of Japan's global trade surplus and its bilateral surplus with the United States, have resulted in persistent economic tensions between the two countries. The complexity of the trade and investment ties between the two countries—and the relationship of our bilateral trade deficit with Japan to our budget deficit, to our global trade deficit, and to Japan's domestic economic policies—have made it hard to deal with the problem. From time to time, some have suggested greater government regulation of trade or targets of some sort. We have rejected these calls because they would choke off economic vitality, and they could have unintended and unforeseeable contrary effects on companies and national economies, not only in Japan and the United States but elsewhere.

This is not to say, however, that the U.S. Government has failed to pursue solutions to our economic problems with Japan vigorously. We have approached the trade problem on two sets of tracks. We have sought better access to Japan's market through the MOSS [market-oriented, sector-selective] talks and through negotiations on other individual issues. I think that we have made progress. We resolved many of the issues raised in the MOSS talks. And in the first 8 months of 1986, U.S. exports of MOSS products to Japan rose 5.7%. Japan has cooperated in resolving other

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issues as well. These include tobacco, semiconductors, and aluminum. Prime Minister Nakasone promised that foreign companies would be able to compete to participate in the new Kansai airport project, and U.S. firms are seeking business.

While pushing for improved market access, the Administration also has worked for a correction of the exchange rate, which has a great effect on trade flows. Following the exchange rate agreement among the group of five major economic powers in September 1985, the yen strengthened by over 50%. The Tokyo summit statement in May emphasized economic fundamentals as determinants of exchange rates. We believe that it is important for both the United States and Japan to address these fundamentals. The evolution brought about by the exchange rate is consistent with Japanese Government policy. When announcing his intention to follow up on the Maekawa report in April this year, Prime Minister Nakasone said that Japan's "... continuing large current account imbalance is a matter of serious concern not only for the management of our own economy but also for the harmonious development of the world economy. Therefore, it should be our national goal to steadily reduce the current account imbalance to one consistent with international harmony." The Maekawa report plots a course for doing just that. We look forward to continuing and effective Japanese Government action on the Maekawa report's goals and recommendations.

We believe that a reduction in Japan's global trade surplus requires a restructuring of the economy away from export-led growth. We have, in fact, entered into a high-level dialogue on structural economic issues with Japanese officials. We held the first substantive meeting at the end of October and will hold another early next year. In those talks, we will continue to discuss with the Japanese ways of encouraging greater domestic-led growth in Japan.

Changes in Japan's Economy

Evolution seems underway in Japan's economy. The change in the exchange rate is having an effect on trade flows. During the first 9 months of 1986, Japan's export volume was down slightly—four-tenths of 1%—and import volume was up by 13%. In October the

volume of exports was down 1.7%, and the volume of imports was up by 5%. (I might mention that U.S. exports to Japan were up 18.9% in the first 9 months of this year.) There is no doubt that declining export sales have dampened economic growth in Japan. Statistics are not yet available to determine the exchange rate's effect on individual industries. But the effects, we believe, are not trivial.

The Japanese steel industry is obviously in structural depression, and the auto industry's profits are down. One hears reports that Japanese companies are moving production to other Asian countries and to the United States and that they are turning from production for export to sales in the domestic market.

Asia, Latin America, and the United States

I have concentrated on East Asia and on Japan's relations with the United States. But I know the principal subject of this conference is the economic relationships among Japan, Latin America, and the United States. We should bear in mind the Pacific Basin is an ellipse which borders the countries of Latin America as well. It is an area of great importance and potential to the nations along the other edge of the Pacific rim as well. A large part of Asia's trade goes through the Panama Canal and Latin American waters. Japan also has historical and cultural ties to Latin America. During this century, Japanese emigrants settled in a number of countries in the region, and people of Japanese ancestry now number 1 million in Latin America. Of those, 800,000 are in Brazil.

Despite this, Japan's economic ties with Latin America are thin compared to those between the United States and Latin America and compared to Japan's own connections with Asia. In 1985 Japan exported \$7.5 billion to the region and imported \$6.1 billion from it. In that year, U.S. exports to Latin America were \$31 billion and its imports were \$49.1 billion. Japan's economic assistance to the area is increasing but still constitutes only about 10% of its

worldwide assistance. Japan's interests in the area are quite similar to those of the United States. Both countries favor democratization and the sort of economic reforms that will contribute to the solution of the debt problem and to economic progress and political stability. We have cooperated closely with Japan on the debt issue and consult with it on Latin American questions. We will continue doing so. We hope that Japan will increase its trade with Latin America, and particularly its imports from that region. Japan has announced its intention to double its worldwide foreign development assistance over the next 5 years. In connection with this, we would like to see increases in assistance to Latin America—particularly to Central America, the Caribbean, and Bolivia.

Conclusion

I started my speech in Asia and now have just visited Latin America. That is a pretty long trip in 15 minutes. I would now like to return to Washington to offer some final comments.

The first is obvious. That is, vitality and growth in the Pacific rim, East Asia, and Latin America are in our economic interest and to our political benefit. Rising incomes will provide greater opportunities for U.S. exports, and economic growth will strengthen the political stability so important to our own security.

The free flow of goods and capital is in the interest of the whole region. But we can keep our market open only if we have access to the markets of others. It is essential that the economically successful countries of East Asia and Latin America open their markets further. It also is essential that Japan carry through with its policy to reduce its external surpluses substantially.

Finally, we too bear an obligation. The appreciation of the yen provides greater opportunity for us to increase our exports to Japan and to other countries. To take advantage of that opportunity, we will have to correct imbalances in our own economy, improve our competitiveness, and hustle for sales. Vitality is not a resource found only on the other side of the Pacific. It exists in the United States, and we should demonstrate that. ■

The U.S. Approach to East Asia and the Pacific

by Gaston J. Sigur, Jr.

Address before a conference on "U.S. National Security Interests in Asia and the Pacific: Update 1986" sponsored by the Pacific and Asian Affairs Council and the Pacific Forum in Honolulu on October 29, 1986.

It's a pleasure to participate in a public forum which promises to be both educational and enjoyable. Four years ago, Honolulu's Pacific and Asian Affairs Council hosted a similar seminar for the public and representatives of the Bureau of East Asian and Pacific Affairs of the Department of State. It was a resounding success by all accounts, and we are delighted to cooperate with the council once again. It performs an admirable job in facilitating public discussion of international issues. We appreciate the assistance also provided by the Pacific Forum and the cooperating organizations listed in your programs.

As many of you know, our ambassadors to the various East Asian and Pacific capitals—our chiefs of mission—gathered in Honolulu earlier this week for a periodic review of regional policy and administrative matters. We've found in years past that an occasional freewheeling discussion among our regional diplomats, CINCPAC [Commander in Chief Pacific] officials, and Department representatives helps to stimulate fresh perspectives, new ideas, and the necessary coordination that improves our methods of operation. Our meetings this week have been tremendously useful, and we want to thank the Governor of Hawaii and the people of Honolulu for their customary hospitality and friendliness.

Our session this afternoon is, in some respects, a followup to the 1982 forum hosted by the council, and thus it carries the title "U.S. National Security Interests in Asia and the Pacific: Update 1986." Perhaps our fundamental security interests in the region have changed little in 4 years; but certainly the context and circumstances in which those interests exist have undergone some important transitions. One of the most dramatic events, of course, has been the popularly inspired political evolution this past year in the Philippines, where we have important security interests, and I want to say more about this in a

moment. Another positive adjustment is reflected in the increasingly close and stable relations which we now share with the People's Republic of China, having moved forward together from the contentious period of early 1982. On the negative side, we have had to suspend our ANZUS [Australia, New Zealand, and United States security treaty] defense commitment to New Zealand in response to Wellington's placement of unacceptable conditions on port calls by U.S. naval vessels. But our security treaty relations with Australia, Japan, Thailand, the Philippines, and the Republic of Korea remain strong; and our multifaceted relationships with the ASEAN [Association of South East Asian Nations] states and the South Pacific islands are functioning well. Economic ties with Taiwan remain substantial.

We are witnessing a more assertive Soviet policy in the region in recent years, but the general environment remains basically unsuited to Moscow's ambiguous initiatives. Unfortunately, the context of hostility and dangers of confrontation remain volatile on the Korean Peninsula and in Cambodia, much as they were 4 years ago. This Administration has supported efforts to reduce tensions in those two localities, but the response from Pyongyang and Hanoi has been disappointing. We continue to urge the Government of Vietnam to withdraw its occupation forces from Cambodia and to provide us with the fullest possible accounting of our missing servicemen in Southeast Asia. And we continue to encourage North Korea to resume its dialogue with the Republic of Korea as the only way to ensure peace for all Koreans.

The East Asian and Pacific region has prospered economically and politically, relative to other geographic regions of the globe. Technological advances are proceeding swiftly, literacy rates are high, and economic performance on the whole has been impressive. Political instability is the exception rather than the rule; and politically motivated terrorist acts remain few and isolated.

The Philippine Transformation

I want to say just a few words about the situation in the Philippines, since Ambassador Bosworth [U.S. Ambassador to the Philippines Stephen W.

Bosworth] was unable to join today's panel discussion. By now it should be very clear that the foundation of U.S. policy toward the Philippines is to encourage the revitalization of the democratic process there, to facilitate stability and prosperity for this Pacific ally. The Filipinos themselves have taken giant strides this year in that direction, and we will be as supportive and helpful as we can in the process. President Aquino just completed a tremendously successful visit to the United States. She effectively affirmed to the American people her government's commitment to democracy and free enterprise. In turn, the United States demonstrated its commitment to the success of the new Philippine democracy through the pledge of substantial economic, military, and medical assistance to the Philippine people. Additionally, the International Monetary Fund and World Bank have approved, in principle, additional loans to support the Philippines' economic reform program. The agreement with the Fund and World Bank give greater confidence to private sector bankers and investors as they consider new investments in the Philippines.

President Aquino gave a special impetus to our already strong, cooperative bilateral relationship. That is very important, because troublesome challenges remain. The new government in Manila contends with massive unemployment, heavy external debt, and extensive poverty. The local communist insurgency remains a serious danger. And important trade and investment measures still must be implemented.

But this Administration is confident that the Aquino government is embarked on a program of national recovery which enjoys the overwhelming support of the Filipino people. We will work with Congress to ensure appropriate levels of assistance in the future. We will continue to encourage vibrant private sector involvement in the reconstruction of the economy.

A stable, democratic, and prosperous Philippines will contribute measurably to the realization of our policy goals in the region as a whole and serve well our own national interests.

Policy Objectives and Principles

What I want to address more generally this afternoon is those basic principles which guide and direct U.S. policy in the Asian and Pacific region today. They derive, of course, from certain elementary but central policy objectives: security and stability for the nations of the area are top priorities for all concerned,

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and we will do what is appropriate and necessary to nurture these goals. The United States wants to help promote regional prosperity, social advancement, and political modernization within our limited means to do so. And we seek to facilitate multilateral cooperation, not simply as an end in itself but as an effective means for moving promptly toward the other goals which we and the Asian-Pacific nations share.

In light of these, U.S. policy toward the region is constructed upon certain basic principles and convictions. These precepts reflect fundamental American values as well as our realistic assessment of actual circumstances in this area, and I would identify them in this way.

First, U.S. policy is based upon genuine respect for the interests and prerogatives of the people of the Asian-Pacific region. We do not seek and we would not attempt to interfere in the internal affairs of those nations or to dictate their policy decisions. This Administration approaches these relationships with a degree of sensitivity and responsiveness which fully acknowledges the sovereign status of the nations of the area. We believe we have much to offer the developing states of the region and are willing to provide advice and guidance as needed. Where leadership is required in security or economic affairs, we accept our responsibilities; but we never will attempt to dominate or dictate in those endeavors.

The United States is willing to defer to others where new roles of constructive regional leadership and participation are emerging. For the past several years, we have looked to the ASEAN members for policy leadership on issues involving the Cambodian occupation and resistance, and we closely coordinate our policy efforts there. We respect and support Japan's significant and growing role in providing assistance to the developing countries of the region. We consult regularly with interested governments on the course of our expanding relationship with the People's Republic of China. And I believe we are more sensitive than ever, today, to the concerns and requirements of the emerging entities in the South Pacific.

Governments—even allied governments—may not always agree on the fine points of every policy decision, but our differences are subject to discussion. Our partners and friends will find us receptive to their concerns on every issue and respectful of their points of view. We want to foster greater cooperation through regular consultations and mutual understanding, and we are trying hard to accomplish this.

At the same time, the United States hopes to strengthen our alliance teamwork through clearer comprehension of our common challenges and responsibilities. If one ally sets its own arbitrary rules for others to follow, it involves risks for all. Reciprocal cooperation and burdensharing is key to a healthy partnership. And our unity is essential to the broadest aspects of East-West relations. When our President meets with General Secretary Gorbachev, his position is strengthened by recognition that our allies are solidly behind him. This does not in any way diminish us individually; rather, it strengthens us collectively and serves the cause of peace.

A second precept of U.S. policy in this region is our conviction that peace and stability are best facilitated by addressing specific sources of regional tension. While the Asian-Pacific region has been, in recent years, relatively free of conflict, its remarkable advances are shadowed by Vietnam's military occupation of Cambodia and by the ever-present risk of hostilities on the Korean Peninsula. We continue to urge that these dangerous situations be addressed through negotiations by the parties directly involved.

We do not believe that grand conceptual schemes of collaboration are the answer—so-called confidence-building measures sublimely superimposed upon the region without regard to underlying sources of danger. Peace is not a theoretical abstraction; it is a tangible condition. We must address the specifics.

President Reagan has called repeatedly for urgent resolution of regional conflicts, as he did most recently in his appearance before the General Assembly of the United Nations. Cambodia is an important part of that message. We continue to believe that a genuine solution to this 8-year-old problem must provide for self-determination by the Cambodian people and the withdrawal of Vietnamese forces. We remain firmly behind ASEAN in its quest for a settlement. Many elements of the proposals put to the Vietnamese are a reasonable basis for an effective settlement, and we believe Moscow should exercise influence with Hanoi to negotiate seriously. To date, neither the Soviets nor the Vietnamese have responded seriously to these urgings. In the meantime, we remain steadfast in our support of Prince Sihanouk and Son Sann and of the noncommunist resistance generally; for we believe that

progress may only be possible once Vietnam recognizes it cannot gain from prolonging the warfare that ravages Cambodia.

With regard to the other immediate source for concern in this region, Korea, we believe that Moscow should restrain its military collaboration with North Korea, and persuade Pyongyang to resume the dialogue with Seoul which the North suspended last January. Direct talks between the North and South are still the best means for diminishing the risk of this flashpoint in northeast Asia.

Of course, the Soviet Union also could do much to ease regional tensions by eliminating its nuclear-armed SS-20 missiles targeted on Asia, by reducing its military forces in the region, and by responding to Japan's appeal for the return of its Northern Territories.

Let's construct a durable peace in Asia. But let's accomplish it by building methodically from the bottom up, instead of with superficial gestures that purport to work from the top down.

Turning to a third area: the United States does support, as a matter of principle, the establishment of democratic institutions and processes in East Asia and the Pacific. We promote the democratic system not purely on moral or ideological grounds but, quite simply, because experience proves that this is the best prescription for political stability and economic strength among developing nations. As part of this concept, I include the notion of modern constitutionalism, the rule of law, popular electoral processes, and the free enterprise system. Obviously, the United States has particular interest in seeing the steady evolution of democratic reforms and responsive government among those nations with whom we have normal and extensive relations.

There are at present a number of "emerging democracies" in this region enjoying unprecedented prosperity and social advances. Hardly any would be considered "perfect" by the purest standards of the democratic model, but the trends are encouraging, for the most part. When we consider how far these governments have come just within the current generation, and how favorably they compare with the repressive examples in their own neighborhood, the record is impressive. Secretary Shultz has commented that democratic transitions are "often complex and delicate, and . . . can only come about in a way consistent with a country's history, culture, and political realities." But that

does not mean that we will overlook persistent violations or infringements of basic human rights. Quite the contrary, we urge enlightened behavior on all governments, including those in transition.

This year alone, we are witnessing encouraging examples of the democratic process in action. Aside from the dramatic popular revitalization of democracy in the Philippines last February, we have witnessed significant constitutional reform activity this year in both the Philippines and the Republic of Korea. We welcome the recent decision by Taiwan authorities to lift martial law and the ban on new political parties—an impressive indication of a commitment to political development in Taiwan. Important parliamentary elections have occurred or will occur this year in several parts of the region. All these developments are reminders that the representative form of government is a critical element of Asian-Pacific modernization.

In promoting democracy, the United States will not meddle in the internal affairs of others. We will remain in contact with democratic political forces throughout the region, recognizing that with adequate time and constructive effort, the peoples of the developing states will work out their own solutions.

Fourth, we sincerely believe that our common prosperity can be maintained only through the expansion of trade and investment. Our policy is one of encouraging growth through trade, along with basic reliance on the market forces of competition and free enterprise. Both protectionism and excessive state regulation thwart the common purposes for which we and the Asian-Pacific nations are striving. That is the message which this Administration has sought to communicate, and it is at the core of our economic philosophy and trading practice in the region. We do believe the nations of this region are now moving in the direction of constructive long-range solutions to our trading problems. But it will take some time yet for the natural forces of the marketplace to rectify some imbalances. In the meantime, we must shun the temptation to clutch at quick-fix solutions which will only increase our problems in the long run.

You all know how hard the President has resisted protectionist sentiments in our country. During this past year, the Administration successfully discouraged ill-conceived congressional efforts seeking to legislate away the U.S. trade deficit. Such protectionist action only could have produced great damage to

ourselves and our trading partners without solving the deficit. But we are not out of the woods yet. Frustrations run deep, and we must be prepared for additional protectionist initiatives next year. Our worldwide deficit in 1985 surpassed \$148 billion, and the Asian area alone accounted for more than \$80 billion of that figure. In this area, which now is our largest regional trading partner, we simply must do better at specific export promotion. Reduced barriers to market access, national currency adjustments, and more receptive investment conditions already are having a favorable impact, and we pledge for our part to work even harder to improve the overall climate of cooperation. American business has to work harder, too, to regain lost competitiveness and to take advantage of the newly opening markets in Asia.

There are many emerging economies in East Asia and the Pacific whose destinies rely both on healthy market interactions and long-term domestic stability. The interdependence of political stability and economic prosperity is fundamental, and the decline of one unavoidably leads to the weakening of the other. The United States recognizes the importance to world

peace of this region's stability, and we are prepared to do our part to preserve it. Through the public and private sectors, we offer important trade prospects, technology transfer, foreign investment, and educational opportunities to help the developing countries remain on sound footing. We cannot, of course, carry the burden alone, and we welcome the role of Japan and other advanced market countries in assisting the economic growth of the lesser developed countries of this region.

Conclusion

In closing, let me reiterate that the U.S. commitment to East Asia and the Pacific remains steadfast. We believe the best prescription for our future role in the region is the same formula that has directed our course successfully to this point: policy based upon principle rather than expediency and upon conviction rather than opportunism. Our allies and friends will find us always available to discuss their concerns and, hopefully, ever sensitive to their interests. We intend to remain a partner, not a potentate, to the region as it continues the sometimes difficult transition to full economic and political modernization. ■

NATO Defense Planning Committee Meets in Brussels

The Defense Ministers of the North Atlantic Treaty Organization (NATO) met in Brussels December 4-5, 1986. The United States was represented by Secretary of Defense Caspar W. Weinberger. Following is the text of the final communique.

The Defense Planning Committee of the North Atlantic Treaty Organization met in ministerial session in Brussels on 4th and 5th December 1986, and agreed [to] the following:

2. NATO's aim is the prevention of war; therefore, the Alliance must continue to ensure its security through the provision of adequate military capabilities and the parallel pursuit of a more stable East-West relationship. Credible deterrence and defense is an essential basis for improved relations between East and West.

3. NATO's strategy of forward defense and flexible response, including the commitment to maintain a credible nuclear deterrent posture, has preserved peace for many years

and remains fully valid. Against the background of existing Warsaw Pact strength and ongoing force improvements, this strategy continues to require effective nuclear deterrence, based on a mix of systems. Given the need for stable balance at all times, nuclear weapons cannot be considered in isolation. Reductions in nuclear weapons would increase the importance of eliminating the current imbalance in conventional forces. We reject unilateral disarmament, which would result in the abandonment by NATO of its deterrent strategy, and hence the basis for its security and stability. As in the past, Alliance solidarity and cohesion will be important in ensuring progress towards a more secure and stable environment.

4. Our determination to avoid an undue reliance on the early use of nuclear weapons is reflected in our continuing efforts to improve conventional forces. The Conventional Defense Improvements (CDI) action plan has provided the framework within which we can

make progress towards securing this objective. In particular, it has identified those key deficiencies and priority areas where we all agree a special effort will bring the greatest return for our collective defense. Our discussion of the Annual Defense Review and the adoption of the NATO Force Plan 1987-1991 has reflected our determination to give these Alliance priority areas special emphasis in our national plans and programs.

5. Considerable progress has already been made towards a more effective conventional posture. We have seen positive developments in several areas including the substantial modernization programs in almost all member countries and the improvements in the sustainability of our forces. These improvements and other actions contained in CDI will considerably enhance our capabilities and reduce the areas of deficiency. We are determined to sustain this momentum.

6. Having noted the initial assessment of the developing threat posed to NATO by Warsaw Pact tactical ballistic missiles, we called for continued work on assessing the threat and possible ways to deal with it.

7. Improvements to Alliance planning procedures are also now being put into effect. These include a more effective co-ordination of the various planning areas of the Alliance and the provision of more effective long-term planning guidance on our military requirements through regular updating of the conceptual military framework and the development of long term planning guidelines by our military authorities.

8. All of this represents substantial progress and provides a solid foundation for achieving more effective conventional forces. However, the provision of adequate resources in accordance with the 1985 ministerial guidance which reaffirmed the aims of a 3 percent real increase as a general guide, and the need for even better use of these resources will continue to be a serious challenge for all nations.

9. Better armaments co-operation, standardization and sharing of technology between the European and North American and the developed and developing members of the Alliance are important for ensuring the most effective use of resources, as is the continued protection of military relevant technology.

10. In the context of the current CDI effort, we agreed that improved armaments collaboration has an important role to play in the strengthening of conventional defenses and that NATO's armaments co-operation improvements strategy, approved by Ministers in December 1985, is proving to be a useful

29th Report on Cyprus

MESSAGE TO THE CONGRESS, NOV. 14, 1986¹

In accordance with Public Law 95-384, I am submitting to you a bimonthly report on progress toward a negotiated settlement of the Cyprus question.

The United Nations Secretary General met on September 16 with Mr. Denktash, the Turkish Cypriot leader, and on September 26 with President Kyprianou. The Secretary General reviewed the Cyprus situation with the leaders of the two Cypriot communities and explored with them ways to carry forward his good offices mission.

The Turkish Cypriot side has accepted the Secretary General's draft framework agreement and taken the position that the Greek Cypriot side should also do so. The Greek Cypriot side has not accepted the document and, instead, has taken the position that priority should be given to discussion of withdrawal of Turkish troops and settlers, international guarantees, and the "three freedoms."

political framework for promoting and coordinating initiatives in this field on both sides of the Atlantic. Several of the projects launched as a result of United States' legislation are reaching the stage when major program decisions will be required. In the light of experience gained to date, the independent European program group nations have put forward a number of "principles for collaboration" related to program management which have been welcomed by their North American Allies. We are continuing to give emphasis to the exploitation of emerging technologies in our defense equipment programs, particularly in the long term.

11. The 1986 Defense Review has shown again that despite commendable efforts by a few Allies, more support, and by more nations, is essential to assist Greece, Portugal and Turkey to strengthen their conventional defenses, in order that they may more effectively fulfill their assigned roles in the collective defense of the Alliance. Various forms of assistance should continue to be examined, in particular and in the context of support for the development of the industrial and technological bases of these countries, arrangements to permit them to participate more fully as partners in NATO armaments co-operation programs.

12. Following Reykjavik we support the United States in seeking balanced, equitable and effectively verifiable arms control agreements with the Soviet Union. We agreed that instead of simply codifying the existing levels of arsenals, agreements

United Nations Under Secretary General Goulding is visiting Cyprus this month to follow up on the Secretary General's discussions with the two Cypriot leaders. He will also be visiting Ankara and Athens.

Secretary Shultz met with President Kyprianou on September 23 in New York. State Department officials met with Mr. Denktash during his September visit to the United States. In those meetings, American officials reiterated support for the Secretary General's good offices mission and urged the Cypriot leaders to cooperate with his continuing efforts.

Sincerely,

RONALD REAGAN

¹Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Richard G. Lugar, chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of Nov. 17, 1986). ■

reached in Geneva should seek to achieve substantial reductions in offensive nuclear forces in ways that will enhance stability and minimize the risk of war. We therefore welcomed the progress at Reykjavik towards agreement on 50 percent reductions in strategic offensive forces and on longer-range intermediate nuclear missiles. We fully endorse the United States' determination to negotiate detailed agreements on this basis as a matter of priority and urge the Soviet Union to join in this effort in Geneva. Progress on INF [intermediate-range nuclear forces] must not be held hostage to any other agreement; Soviet insistence on doing so would destroy the credibility of the assurances given at the highest level. Nor must such an INF agreement neglect the existing imbalances in shorter-range INF missiles for which constraints and equal rights must be provided, as well as subsequent negotiations on these missiles. In all cases, effective verification would be an essential condition. We will continue to assess and to consult closely on all these issues. We reiterated our support for the United States' exploration of space and defense systems, as is permitted by the ABM [Antiballistic Missile] Treaty.

13. We also confirmed our resolve to seek an early conclusion of a worldwide ban on chemical weapons. In this context we called upon the Soviet Union to take a constructive attitude towards effective verification provisions.

14. We also emphasized the significance of the current work in the Alliance on conventional arms control. At every stage of this process the Alliance must have a position which protects the ability of its military commanders to carry out their assigned tasks. We shall be seeking to achieve increased openness and the establishment of a stable, comprehensive and verifiable balance of con-

ventional forces at lower levels which would strengthen stability and security in the whole of Europe.

Greece recalls its position on nuclear matters and space system issues as expressed during previous NATO ministerial meetings.

Denmark reserves its position on defense and space systems. ■

Secretary's Joint News Conference After Meeting With EC Ministers

Secretary Shultz attended the sixth annual ministerial meeting between the United States and the European Community (EC) in Brussels on December 12, 1986. Following is his joint news conference with President of the European Communities Commission Jacques Delors.¹

President Delors. Before giving the floor to our guests, Mr. Shultz, Mr. Baker [Secretary of the Treasury James Baker], and their colleagues, I should like to indicate simply that, over and above bilateral discussions, we devoted this plenary session, first, to a broad overview of the world economic situation, referring also to problems that arise respectively in the United States and in Europe; and, secondly, we discussed trade issues, both multilateral and bilateral. We reviewed both subjects of satisfaction and difficulties that are pending or may arise; and, thirdly, we were able to discuss, in a way which personally I found encouraging, the question of agriculture.

You know that the commission and, too, our American friends, feel that we have to present to the world a different example from that of two elephants fighting and treading underfoot everything else around. That is something at stake which involves all of us and this can only be treated, nevertheless, by dealing with the specific characteristics of each country.

Secretary Shultz. [Inaudible] presented at this meeting are that our two-way trade amounts to about \$120 billion in the most recent year; that the investment of Europe in the United States and of the United States in Europe amounts to about \$200 billion at present; that the sales generated by these investments total around \$700 billion. If you add those apples and oranges together you come to around a trillion dollars. It's a measure of the

gigantic size and complexity of the relationship that we have and, of course, it's a statement about the importance of the relationship.

We have many problems. Most of them have been solved. There are some ahead of us. There'll always be some ahead of us and we need to work always very hard to resolve them, but we need to keep reminding ourselves of the scope of the relationship and the importance of seeing to it that we resolve problems in a manner consistent with the maintenance of this relationship.

It also shows how important it is to both of us, and for the world at large, that we maintain openness in the trading system. Following our meeting last year here, we worked together well in bringing into being the Punta del Este start of a new round in GATT [General Agreement on Tariffs and Trade] and we have said to each other here that we will continue to work together to make that round successful. Growth and openness in trade are the names of the game as we look ahead, and this is what we want to achieve.

Secretary Baker. I would only add to that, Mr. Secretary, that we spent some time reviewing, as well, the U.S. economy and we devoted a fair amount of time to pointing out what we consider to be a major problem for the world economy generally, and that is the rise of protectionism and, if you will, isolationism in the United States, occasioned in part by the fact that we are facing a \$140 billion trade deficit. We, I think, are all agreed that it was important that the United States and the European Community work together in various ways, whatever ways we can, to prevent protectionist legislation from becoming a fact, and to preserve free and open markets.

Q. Could I ask Secretary Shultz or Secretary Baker whether the growing concern that has been expressed in a

number of European capitals about the growth of bilateralism in the United States, that is to say bilateral deals between the United States and Japan in some major areas, both in international monetary issues with the yen-dollar deal and on the semiconductors, was raised at this meeting and how you responded to that if it was?

Secretary Shultz. My answer to part of it: It was raised and I think the basic response is that we feel it's important to get markets open, and when we are able to get a market opening agreement with Japan, basically it's open to everybody. As to the monetary side—

Secretary Baker. Adding to that, we also feel it's important, when we can, to enhance world economic growth, and if we can enhance it bilaterally, we think there's nothing inappropriate about enhancing it bilaterally, particularly when you are dealing in the case of the agreement that you mentioned with two economies that represent 70% of the combined gross national product of the G-7 countries [Canada, France, Federal Republic of Germany, Italy, Japan, United Kingdom, and United States].

President Delors. As soon as the monetary agreement between Japan and the United States was known I was very glad to see this come about. I consider that as far as the triangle of great powers in the free world is concerned, Europe, the United States, and Japan, there should be possibilities at some stages to strengthen one of the sides of the triangle; and, I have expressed my desire that the Europeans should be able to join in this cooperation agreement. And it seems to me that the proposals were made by Mr. Baker and others with a view to establishing bases for a monetary system which is less unstable rather than more stable.

That is something which is still under discussion and the commission will do its utmost to persuade the member states that it is in everybody's interest to have convergence of economies and greater monetary cooperation between the major industrialized countries. As far as I'm concerned, I hope that in Venice, in the next summit of industrialized countries, we will be able to make progress along these lines.

Q. I'd like to address my question to Mr. Baker in direct response to what Mr. Delors has said concerning the possibility of Europe joining, in some way, the monetary agreement that was worked out on October 31 between the United States and Japan, and whether this is going to be brought up in your discussions with

Mr. Stoltenberg [Federal Republic of Germany Minister of Finance Gerhard Stoltenberg] tomorrow?

Secretary Baker. The agreement with Japan was the result of several months of discussions and negotiations. There were similar discussions and negotiations with other countries that did not come to fruition and ripen into an agreement.

Again, let me say that anything that we can do bilaterally or multilaterally to enhance world economic growth, consistent with maintaining the gains that the world has made against inflation, we would like to do, but the Japanese, under the agreement that you're referring to, undertook to take certain fiscal and monetary measures which would encourage additional growth in Japan and additional growth in the world generally.

Q. I'd like to address a question to Secretary Baker. What would you expect Europe could do to pacify the protectionists back in Washington and to assuage the fears of this 800-pound gorilla you have back there?

Secretary Baker. First, I think we talked a good deal about this, as a matter of fact, in our discussions today. We should all work to preserve open markets as the President has indicated and Secretary Shultz has indicated. At the same time, anything that European countries can do to encourage and enhance as much economic growth as possible without—and let me make sure I make this clear to everybody—without risking the gains that have been made worldwide against inflation, we would like to see, because that will help us resist the 800-pound gorilla, as you put it, which indeed I think is an 800-pound gorilla back there in Washington.

Q. I do apologize for coming in to raise two essential points, Mr. Shultz. That is, first, the American intervention in Nicaragua and Chile and the perception that a person from the Third World has of the United States, that is a giant, and which is going through various political difficulties. Iran now, previously Vietnam. Can it be said today that America is like a giant with clay feet and clumsy hands? And I would like to know what share of time you allotted to the Third World in your discussions?

And, secondly on South Africa, it appears that America today is more committed toward taking more pragmatic and forward-looking positions, vis-a-vis South Africa, than is Europe. Did you advise the Europeans anything about South Africa?

Secretary Shultz. The United States has and continues to work for freedom, democracy, and the rule of law in Central America and in South America. That includes Nicaragua, that includes Chile. So, I think the objectives that we seek and the efforts that we are making to help the people of Central America achieve that—there are four democracies there now—and to help those in Nicaragua, Nicaraguans, not [the] United States, Nicaraguans—who are fighting for freedom in their country do so, are laudable.

As far as South Africa is concerned, our policies have been highly publicized and they are to do everything that we can to bring apartheid to an end, and to see put in its place a political system in which all people can participate and where there also are protections for minority rights and individuals, constitutional guarantees. I think again what we are trying to achieve is right on the mark.

We have had a great debate about how useful it will be to impose punitive economic sanctions on South African business and, in the end, it was decided that we would do so. That was decided by Congress overriding the President's veto of that legislation. Now U.S. firms are leaving and I hear quite a lot of cries of alarm that, as they leave, the good works that they are doing leave also. So, it represents a problem and, of course, a continuing tragedy.

Q. I would like to put a question to Mr. Baker. When you go to Bonn, do you expect that your talks with Mr. Stoltenberg will lead to more than a repetition of the well-known points of view that have been put forward several times these last few months? As far as the position of the Federal Republic is concerned, or as far as what the Federal Republic could do, in order to make a greater contribution to the stimulation of the world economy?

Secretary Baker. Let me explain that I am going to meet with Gerhard Stoltenberg tomorrow. I'm meeting as well with each of the other European finance ministers of the G-7 countries. I thought it was important, since I was coming to this meeting, that I take advantage of that fact that I was going to be in Europe and have bilateral discussions with my counterparts in Europe.

These discussions are not intended to reach any particular conclusions or come to any particular results. They will be part of ongoing discussions that we have had over the past several months.

I would discourage—and we did before we left Washington—people from speculating about agreements that might come out of these discussions. That's not contemplated. The Federal Republic, as you know, is right in the middle of elections and it would be, I would suppose, not the most opportune time to seek to come to any sort of conclusion or agreement respecting the matters that we have discussed before.

So we will be discussing a wide range of things, but I would tend to dissuade you from thinking that there is going to be something similar, for instance, to the agreement between the United States and Japan coming out of my trip to Europe.

Q. President Delors referred to your agricultural discussions earlier, saying that that discussion was encouraging. I'd like to ask President Delors and the American representatives what that actually means and, in particular, whether that is good augury for the 24:6 negotiations?

President Delors. Of course, as a great philosopher has said, everything is connected in life. But sometimes, you have to start by separating different discussions. The discussions that we call the 24:6 discussions are going ahead under conditions which are not very encouraging.

As for the rest, we have concerned ourselves with the impact of our agricultural policies, as we should do, not only on our budget but, also, on world trade and on the price of certain agricultural commodities and other materials. And, we've seen that we have the same will to guarantee the future of our farmers. They are indispensable to our societies, but at the same time, we wish to achieve agricultural policies which are less costly and less damaging and which do not lead us into a trade war which will be ever more costly for everybody.

So there is this shared will which we have and which has been shown by the agreement which was reached at Punta del Este. And, this will be followed up by regular discussions between people at a high level on both sides of the Atlantic. I think that this already became clear at the Tokyo summit after the OECD [Organization for Economic Cooperation and Development] ministerial meeting. But it's now the time to reaffirm this and say that we have the courage to meet this task. Nobody would deny that this task is not an easy one.

Secretary Shultz. The first step in solving a problem is to recognize that it exists and be able to describe it. And

that step has been taken more and more visibly. So that's positive. I'll let Ambassador Yeutter [U.S. Trade Representative Clayton Yeutter] say what else may be positive in this situation.

Ambassador Yeutter. Most of the discussion today related to the longer term elements of the agricultural problem rather than the short term. We had considerable discussion about the forthcoming negotiations in the Uruguay round and properly so. We are agreed that this is one of the most important challenges in the Uruguay round, perhaps the most important, and perhaps the greatest potential legacy of that round in very positive terms. This reflects the gravity of the situation and the magnitude of the problem that exists worldwide today.

So, we recognize that we are now in a situation where both the community and the United States are deploying vast sums of financial resources into relatively unproductive uses and that we would do ourselves and the rest of the world a big favor if we could cooperatively and coordinately deploy these resources in a different way.

At the moment, we have a situation that is increasingly confrontational between ourselves and the rest of the world, while at the same time not properly serving the needs of our own farmers. So, hopefully, we can advance that cause in a very positive way in the Uruguay round, and we are certainly determined to do that.

With respect to Article 24:6, we have a very difficult negotiation ahead of us because our positions are still very far apart. Commissioner De Clercq [EC Commissioner for External Relations and Commercial Policy Willy de Clercq] and I will meet on that subject tomorrow and we will have perhaps more to say on that subject at a later date. As you know, we have a December 31 deadline on that exercise.

Commissioner De Clercq. Could I comment briefly for a minute or a minute and a half. That's a Belgian compromise. Article 26:6, of course, is very difficult, as a negotiation. The President expressed his anxiety, and I share that anxiety. For the moment, I just have one glimmer of light, but it is glimmering. That is, the mutual will to find a solution to this most difficult trade conflict between the United States and the EC. It's the most difficult one we've ever had. It's worthwhile finding a solution to it, particularly now that the new round is to begin. It's worth even devoting the whole weekend to making—to finding a solution.

On the new round, we've explained our philosophy. The Americans know our philosophy. We want to progress along a broad front as quickly as possible. As far as we're concerned, the new round shouldn't necessarily have to last 4 years. If we can complete it before, all the better, but we consider this enterprise, this undertaking, as being one undertaking, which means that progress has to be achieved on all fronts as quickly as possible, and this, from a comprehensive point of view.

Q. Would it be possible to know whether there is the same determination on the American side, as far as taking steps to lighten the debt burden for developing countries? This same question was put to Mr. De Clercq this morning, and the reply was that there was not an answer there. And then, as for the matter of making more of raw materials from the Third World countries, I'd like to ask you a question about that. And then, thirdly, as for the agreements between the European Communities and certain Mediterranean countries, although these agreements exist, there are political and military links with these countries.

Secretary Shultz. I'll ask Secretary Baker, who's given particular attention to this matter, particularly the debt problem, to respond.

Secretary Baker. I think you're probably familiar with our program for sustained growth, for dealing with the debt problems of lesser developed countries. And in terms of where we stand on that, we think we're making very good progress. A number of countries have adopted free market-type economic reforms.

The second leg of that program is that the multilateral institutions, the IMF [International Monetary Fund] and World Bank, were to increase their lending, and they have done so, I think it's fair to say, significantly. The third leg was additional lending from commercial banks, or debt-equity swaps, in lieu thereof. I think it's significant that Mexico, this year, will receive some \$6 billion in new funds. Nigeria is the beneficiary of new lending, Uruguay, Cote D'Ivoire, so the proposal is making what we consider very good progress.

In terms of whether the United States is, itself, contributing, I think we are. We still make the largest contributions to those multilateral organizations. We are going, notwithstanding rather severe budgetary constraints in the United States, we are going up to the Congress, this year, for an increase in

the soft loan window, IDA/8 [International Development Association] funds for the World Bank. So I think that I would have to say, "Yes, we are certainly pulling our load and doing our share."

Secretary Shultz has just reminded me that we have about, this year, I mentioned debt-equity swaps, because I think that's very important. To the extent that we can get equity into these countries, they don't have to pay interest on it, and it's a far better way of financing them.

He's just mentioned to me that we've seen \$5 billion in debt-equity swaps generated this year. The more these countries are willing to reform their economies and invite investment in, the more debt-equity swaps, perhaps, we can engender. I realize that doesn't address the third part of your question, which I never did get a chance to hear.

Q. Mr. Shultz, Mr. Yeutter is here also for the fifth meeting between the Brazilian delegation and the U.S. Trade Representative for discussing the informatics problem. I would like to know which are the prospective of this informatic meeting, since the Brazilian Government has just sent to the Congress a new software law. Does this new law correspond to U.S. demands? In what points? And also, which sector of the Brazilian exportation would be suffering retaliation, as the U.S. Government promised, until the end of the year, if both delegations are not setting to an accord?

Ambassador Yeutter. We'll be discussing all of these subjects on Sunday, here in Brussels. I have not yet had an opportunity to see the Brazilian computer software proposal, because I've been traveling for the last several days, and we've had some activity, here in Europe, that I've had to concentrate on until now. I'll have an opportunity to evaluate it over the weekend, and so I'll deliver my comments to [Ambassador] Paulo Tarso Flecha de Lima, when we meet on Sunday, but I would have nothing to say on that subject at the moment.

All I would comment is that, clearly, that's a very important issue to us. We're concerned about the intellectual property aspects of the Brazilian informatics program, as well as the investment aspects and the international commerce aspects, that is, the imports and exports, so we'll look at that very carefully and see what implications it holds for U.S. informatics exports.

Other than that, the potential retaliatory action is a hypothetical, at this point. We have not determined, with

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specificity, what action might be taken, if the negotiations break down between now and the end of the year, but I'd rather be optimistic and hope that we'll not have to take that action, but we have not concentrated on that issue, as yet.

Q. Could I ask Mr. Yeutter, you said that—all sides said that the whole question of agriculture has been very big. It's going to take a long time to solve, and what they recognize is that they don't solve it. But you are meeting this weekend with Mr. De Clercq and Mr. Lyng [Secretary of Agriculture Richard Lyng] and Mr. Andriessen [EC Vice President for Agriculture and Forestry Frans Andriessen] to solve an immediate problem, 24:6, yet there is a sword of retaliation hanging over it at the 31st of December. Is this sword still hanging over it? Is the United States still determined that, if there is no satisfaction of its demand, that it will go ahead with the retaliation, which will generate, again trigger, counter-retaliation from the EC side?

Ambassador Yeutter. That is a decision that was made at the highest levels of our government several months ago, and was so communicated to our friends here in the European Community, so they are well aware of what is at stake in these discussions between now and the end of the year.

This is an issue of major concern to the United States because our estimate is that the accession of Spain and Portugal will reduce our feed grains exports, that is, corn and grain sorghum, by something in the vicinity of \$400 to \$500 million per year. With our agricultural community already in dire financial straits, in much of the Midwest, we're certainly not in a position to accept that kind of trade damage from any incident throughout the world without receiving appropriate compensation for it under the GATT rules.

That's what is at issue here, and all we're insisting upon is that we be made whole, that the trade damage that we suffer, as a result of the accession, is properly compensated for under the GATT rules. We simply have a wide difference of opinion as to the amount of that compensation, but we believe the amount of damage is quite clear.

Commissioner De Clercq. The President has given me one minute. That will be enough. Because I don't think we want to engage in a debate on 24:6 with you. Perhaps next week we will have to, but for the moment we still hold out hope that this matter is going to be something we will be able to discuss

tomorrow in a calm and serene atmosphere.

And what my friend, Clayton Yeutter, has just said underlines the difficulty of the problem. Because, of course, we have a somewhat different view of this. In fact, our views differ fairly fundamentally. We feel that when there is a customs area, or a free trade area, or the extension of such an area, the problems that arise have to be examined comprehensively. You have to look at the problems as a whole, the advantages and the disadvantages, and that is one of the problems that we are going to have to try to resolve, tomorrow.

Q. Secretary Baker, do you think that the bilateral meetings you will be having with the finance ministers will be able to lead to a meeting of the Group of Seven [G-7], as such, and this, then, I have a question for Mr. Shultz. To what extent is the Reagan Administration in a position to turn opposition to Congress' protectionism into a priority in the present political situation that prevails in Washington?

Secretary Baker. With respect to the question that you directed to me, the purpose of these discussions is not specifically to schedule any multilateral meetings G-5 [France, Federal Republic of Germany, Japan, United Kingdom, and United States], G-7, or anything else, but I would remind you that the Tokyo summit calls for the holding of G-7 meetings, so obviously there will be more G-7 meetings.

Secretary Shultz. So far as the second part of your question is concerned, the basic point is that protectionism is not only bad for other countries that can't sell into our markets after they're protected, but it's bad for American consumers, therefore bad for the American economy; and we'll make that point again and again and again, and contrast the present and our recent history with what happened in the 1930s, when we did have protectionism. The President has fought on that line before and he'll continue to fight, and I think the basic thrust of the argument is powerful, and we intend to prevail.

¹Press release 265 of Dec. 19, 1986. ■

Human Rights in Castro's Cuba

The following report was prepared by the Bureaus of Human Rights and Humanitarian Affairs and of Inter-American Affairs.

When a former Cuban political prisoner—one who had served 27 years in Castro's prisons—arrived in Miami in September 1986, he made the following comment: "When they opened the gates we still felt like prisoners. In Cuba everyone's a prisoner."

Life in Cuba today is characterized by an aggressive, systematic, and institutionalized denial of human rights in virtually every form. The Communist Party, tightly controlled from above, dominates all aspects of life. Human rights of Cubans are subordinated to the aims of the party as defined by Fidel Castro.

Denial of Freedom

Expression. Freedom of expression does not exist. No criticism of the basic policies and Marxist-Leninist orientation of the government, party, or its leadership is permitted. Telephones are

routinely tapped and mail opened. Private expression of differences from government policies is repressed by an informer network operated by Committees for the Defense of the Revolution (block committees).

Daily life is closely monitored by these committees, which exist on practically every block in Cuban cities and towns. Committee membership is essentially mandatory. Members are expected to observe and report anything "unusual," including strangers in the neighborhood, reception of foreign radio and television broadcasts, unauthorized meetings, or critical comments about the government. Cubans overheard by neighbors reportedly have been fined for speaking disparagingly of Castro in their homes. The ordinary Cuban lives in an environment of repressive fear subject to constant state surveillance.

Assembly. There are no guarantees for freedom of assembly or association in Castro's Cuba. Nearly all associations are government controlled. A few private associations still operate, but only under close government scrutiny. All group meetings are monitored by the

Committees for the Defense of the Revolution or State Security. When the secretary of the Cuban Committee for Human Rights tried to legally register the organization last month, he was arrested and beaten. At last report he was still being held.

Although membership in private groups is almost precluded, membership in government-run groups is virtually required. A 1983 Organization of American States (OAS) report, *The Situation of Human Rights in Cuba*, stated:

... membership in the people's organizations—including the large union and peasant associations—is practically a prerequisite for any routine activity, since membership affects admission to universities, promotions, access to certain kinds of vacation or recreational activities, the obtaining of nonperishable products that require that a union certify that the buyer is an "advanced worker."

Cubans are, therefore, compelled to join such organizations simply to obtain an education, earn a living, or support their families. The OAS report adds that it is difficult "to distinguish when the decision to join a people's organization reflects a desire to support the regime, and when it is a response to the material benefits... which cannot be obtained otherwise."

Political. Those who choose not to join government organizations or who are denied membership are not only economically disadvantaged but also effectively deprived of political participation. Political participation requires strict adherence to ideological dogma.

Cuban citizens do not enjoy the right to change their government. The Cuban state is firmly controlled by the Cuban Communist Party, which in turn is dominated by Fidel Castro. There are no direct elections for regional, provincial, or national offices. Members of the Central Committee and the Politburo are selected by a narrow circle of party rulers; elections simply ratify choices already made. The National Assembly of People's Power meets briefly twice a year—solely to endorse decisions already made by the party chiefs. No political opposition is permitted in Cuba; dissidents are either in jail or outside the country. As a result, hundreds of thousands of Cubans have fled their country, and many others would do so were it not dangerous.

Press. There is no freedom of press in Cuba. All media outlets are controlled by the state, operate strictly according

to party guidelines, and are used for indoctrination and dissemination of propaganda. Foreign publications—except those from other communist countries—are not available.

The government censors all news, international and domestic. Unfavorable news, when reported, is often delayed. Almost all news is distorted. Travel of foreign reporters to and in Cuba—as well as their access to the public and officials—is strictly controlled by the government.

Artistic. There is no artistic freedom in Cuba. Many of Cuba's most distinguished literary and artistic figures have been "erased" from cultural outlets and broadcasts. Writers and artists have been under severe constraints since the beginning of the revolution, when Castro made the following statement about artistic freedom: "Within the revolution, everything; against the revolution, nothing." The National Union of Writers and Artists of Cuba, modeled on the Union of Soviet Writers, controls virtually all literary and artistic expression. All publishing houses are controlled by the state. Acceptance of manuscripts is based on suitability of contents and the political background of the author.

Writings not published by the state are not reproduced or circulated even clandestinely, except in the closest circle of friends. Even there one must proceed with caution because of the vigilance of the block committees and the omnipresent State Security. Punishment is severe for writing or possessing unauthorized literature. Artists and writers who attempt to step outside these constraints pay heavily for their exercise of artistic freedom. Many are imprisoned and tortured. Forced renunciation of one's artistic works—obtained through physical or psychological coercion, including threats against one's family—is another technique used against artists and writers. The lack of political content in their writings does not serve to protect authors. It is not enough in Cuba that art be nonpolitical; it must also actively serve the revolution.

Religious. Repression of religion in Cuba is thorough and pervasive. Religious broadcasts are totally prohibited (except for news of foreign clergy defending the Castro regime shown to prisoners of conscience to demoralize them). The construction of new churches is severely restricted. Those who try to maintain religious practice find innumerable roadblocks. Many churches have been closed; some

have been desecrated. The few still open are closely monitored by block committees. Only about 200 priests remain in Cuba, compared to about 720 before the revolution.

The observance of religious holidays is next to impossible, and the celebration of Christmas is specifically prohibited. Christmas trees, so common in Eastern Europe, are banned as counterrevolutionary symbols in Cuba, and the celebration of Holy Week has been replaced by a celebration of the failure of the Bay of Pigs invasion. Political meetings and work obligations are regularly scheduled to conflict with religious occasions, and Cuban law prohibits the observance of religious events when they conflict with work obligations or patriotic celebrations. Processions on holy days are banned.

Parents of children who mention God to their classmates risk being reprimanded for teaching "unscientific" ideas that are "remnants of an obscurantist past." If the parents insist, they can be arrested for the crime of "ideological deviationism."

Because they cannot belong to the Communist Party, believers are excluded from higher positions of employment. They also are prohibited from teaching economics, politics, philosophy, social sciences, and other courses that might have "any political or ideological overtones." Believers find it almost impossible to obtain higher education because ideology is a decisive condition for admission to universities. Practicing Catholics are expelled from the university. Believers who obtain low-level jobs are unable to advance because there is a "political test" for promotions. Proof of ideological soundness is required before the purchase of durable consumer goods and sometimes for housing.

The Jewish community in Cuba has been reduced from 15,000 before the revolution to 800, with no permanent rabbi. Members of the Jewish community also face job and educational discrimination and are severely restricted in attempts to pass on the faith to their children.

Certain religious groups—usually the smaller, more vulnerable Protestant denominations—have been singled out for additional punishment. The Seventh-Day Adventists, Jehovah's Witnesses, and the Congregation of Gideon are considered counterrevolutionary sects. Those discovered engaging in religious practices are treated as criminals.

Many from all faiths have been arrested, abused, tortured, and even executed because of their religious beliefs.

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In a 1985 book entitled *Fidel and Religion*, and at the February 1986 Third Congress of the Cuban Communist Party, Fidel Castro acknowledged that discrimination against Cuban religious practitioners exists. There is no evidence to date that religious discrimination and persecution have been mitigated despite speculation that Castro, for foreign or domestic political reasons, might be considering some relaxation of pressure on believers.

Educational. Cuban education suffers from a total lack of freedom. Censorship is rigorous. Cuban schools at all levels are required to follow Marxist-Leninist guidelines as interpreted by the state. Students have been expelled and teachers have lost their jobs for not accepting the political or ideological requirements imposed by the state.

There is no alternative to government-run education. Parents cannot choose independent schools for their children; there are none. Schooling is compulsory from grades one to six. After the sixth grade the right to remain in school is tentative and based ultimately on loyalty to the regime. The price for expressing an opinion in school can be extremely high. Faced with such a "choice," most 11-year-old children naturally submit to the routine of Young Pioneers meetings, neighborhood guard duty, compulsory rural labor, and other forms of regimentation.

Many students over the age of 11 are housed in dormitories from Sunday night to Friday night and go home only on weekends. This boarding system, mandatory for many high school and junior high school students, is intended to drive a wedge between child and parent and turn the child's sense of duty toward the state. Dormitory living conditions are often poor, with old wooden barracks, primitive sanitation, poor health care, and harsh working conditions. The weekly curriculum includes 30 hours of classes (with heavy ideological content) and 15 hours of picking crops in the fields.

A student's educational opportunities depend not only on his own political record but the political reliability of his parents as well. Children of political prisoners are notified that they will never receive advanced education. Students do not choose their own careers; the choice is made for them, depending on the needs of the state.

Economic. The right to choose one's occupation is practically nonexistent in Cuba. Priority is given to collective or

state needs over individual choice in state decisions to provide employment.

The rights of business and labor do not exist in Cuba. A "private sector" constituted by private businesses or even by self-employed individuals is virtually nonexistent. At present, less than 1% of the population is self-employed. In 1982, the government launched a strong condemnation of self-employment, which had been legal in certain trades and professions. Castro claimed that everyone was taking advantage of the system to make profits. Such work now is allowed only after working hours or on weekends. Self-employed people are generally required to have state employment as well.

Castro expressed concern that the government was losing money because tenant farmers and sharecroppers unregistered with the state were selling produce on the open market. In 1983, 200 farmers refused to sell their crops to the government because it demanded a price lower than the cost of growing them. (The government also had refused to allow them to retain a small amount of crops for personal consumption.) In protest, the farmers burned some of their crops in front of a government warehouse and were arrested. Reports from several sources indicate that 11 of the farmers were sentenced to death and shot. More recently, Castro has denounced farmers markets and other individual or group initiatives as manifestations of corruption or decadence, again demonstrating how risky it is to engage in private enterprise.

The state controls organized labor. Nearly all workers belong to the government-run Confederation of Cuban Workers, which serves primarily to maintain political and work discipline, spur worker efforts and productivity, and hold down labor costs. The confederation does not defend workers' rights or fight for benefits. The recent calls by Fidel Castro for greater work "discipline" characteristically have come in the framework of trade union meetings where he and so-called labor leaders harangue the workers to be more diligent.

Collective bargaining does not exist. Management, in the form of the Ministry of Labor, and the government-run union cooperate to maintain careful supervision. Workers who believe they have been unfairly treated have virtually no recourse.

Workers who act to improve working conditions are severely punished. The right to strike is prohibited and

punishable by imprisonment. In 1983 more than 200 workers were prosecuted for attempting to organize strikes in the sugar and construction industries.

The right to form an independent union is unthinkable. Even discussing such a step is severely punished, as demonstrated in 1983 when the government accused five Cuban workers of "industrial sabotage" for talking with their colleagues about the need for an independent union. The government sought the death penalty, but the judge sentenced them to prison. Castro demanded they be tried again by a different judge, who sentenced them to death. International outcry resulted in eventual commutation of their sentences to 30 years of imprisonment. The first judge, Nicasio Hernandez, was imprisoned for an indefinite term, as were four of the defense lawyers (Jose Redell Soto, Abelardo Triay, Valdez Arnau, and Felix Casuso). They were sentenced to die, but their sentences also were commuted. Three other lawyers associated with the case (Aramis Taboada, Francisco Morua, and Israel Tamayo) were sentenced to 30 years in prison. Taboada died in prison in 1985 under unexplained circumstances.

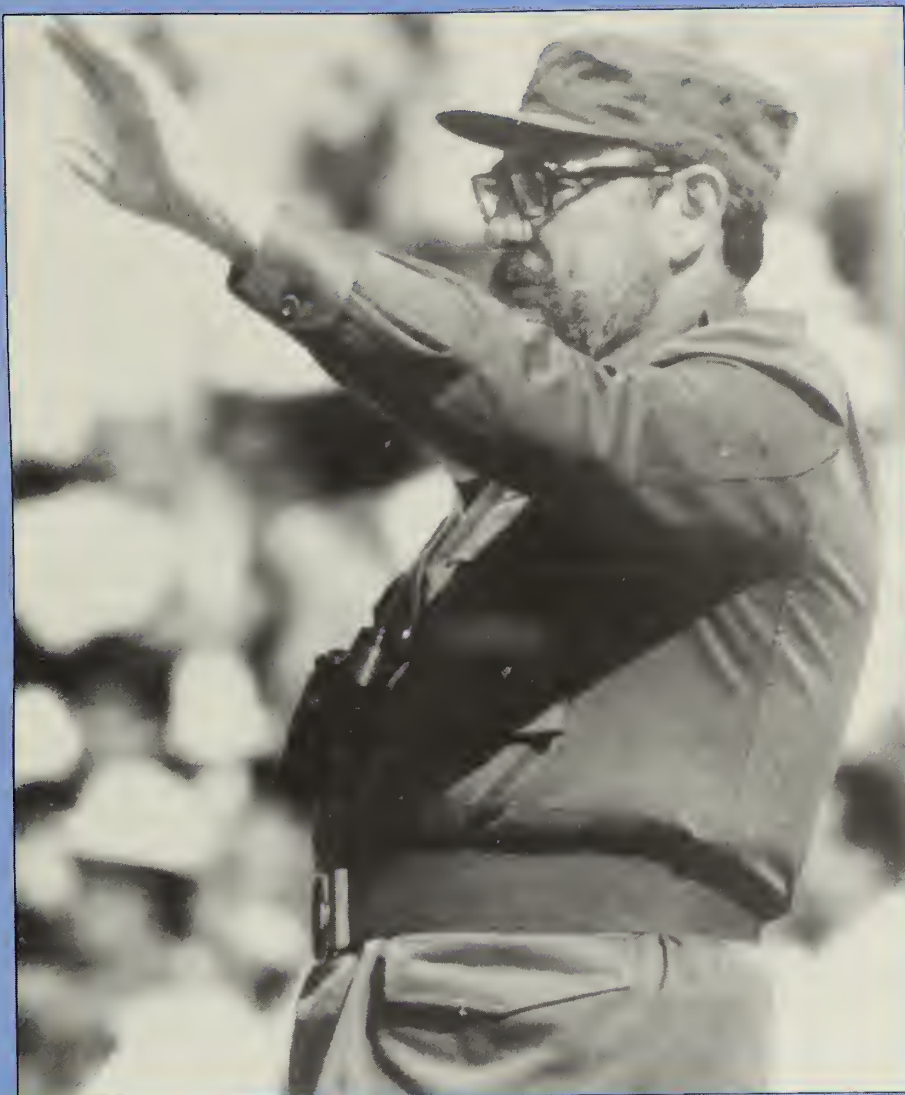
Other workers have been arrested for discussing the formation of an independent union, including 30 truck drivers at the Central Chaparra sugar mill, workers in a Havana electrical plant, workers at an Artemisa brewery, and farmers in Menocal—three of whom were shot during arrest.

A "Classless" Society

In Cuba, contrary to Marxist theory, state control of the economy does not mean control of the economy by the people. Nor does it mean that an upper class is nonexistent. The party leadership controls wealth and power but in a much more concentrated, centralized, and unchallengeable form than any "capitalist" could ever hope to achieve.

Not surprisingly, the elitist Cuban leaders do not live the way the Cuban people do. They have access to special stores, well-stocked with consumer goods from the West, where the "common people" are not allowed. The self-appointed vanguard is permitted to purchase luxury items, such as canned goods, not available to the average Cuban. Officers of the political police and government leaders also are allowed to purchase jewelry and expensive clothing from stores designated for their exclusive use. They have access to

“Within the revolution, everything; against the revolution, nothing.”



(Photo by J.C. Stancolon/Gamma-Liaison)

private beaches and, unlike most Cubans, may travel abroad. They live in homes confiscated from Cuban citizens who fled the country.

Economic Decline

The Cuban economy is still based primarily on sugar; it is even less diversified than it was before the revolution. Notwithstanding plans for industrial development, manufactured goods accounted for only 5% of Cuban exports in 1980; in 1960, the figures were the same. In contrast, other Latin American countries had substantial increases in the export of manufactured goods during the same 20 years.

Agricultural production is generally down from prerevolution levels—even though the population is 50% larger.

Food rationing, although widespread, has not guaranteed that food will be available. Despite increased beef and poultry production, for example, each Cuban is allotted only 2 pounds of meat and 1½ pounds of chicken per month.

Added to the food shortage is the scarcity of consumer goods and the low per capita income. In 1958 Cuba was fourth in the hemisphere in per capita income; now it ranks sixteenth.

Although much has been made of advances in health care claimed by the Cuban Government, severe sanitation problems still threaten Cuban health.

Inadequate control of mosquitoes together with the return of thousands of soldiers from Africa have led to several dengue fever epidemics. Castro himself has severely criticized conditions in Cuban hospitals.

Housing also is deficient: nearly one-quarter of Cuba's 10 million people live in inadequate housing.

Political Prisoners

In Cuban society, pressures to conform and submit to the state are extremely high. Those who choose the slightest form of political resistance usually pay a very high price: arrest, abuse, torture,

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and cruel and inhuman punishment. People often are arrested without warrants and held for long periods without judicial hearings. The Cuban Constitution denies legal protections that would prevent the regime from arresting and detaining anyone considered harmful to Castro's revolution. People arrested for vandalism, practicing certain religions, or criticizing the regime can be charged with sabotage and counterrevolutionary activities. Detention is permitted for those considered "dangerous," defined as "the special proclivity of a person to commit crimes, demonstrated by observed conduct manifestly contrary to the rules of socialist ethics." Cuba includes in its definition of "crimes" acts that no free society would consider as such.

The treatment of political offenders at every step of the process is unrelentingly severe—preventive detention, house arrest, forced psychiatric treatment, confinement in forced labor camps, and imprisonment. Arrestees are interrogated without counsel and subjected to methods of intimidation designed to force confessions. The political detainee may be kept incommunicado for days or weeks without being charged and without notification of family.

Cuban courts are, in practice, subordinated to the party. People accused of certain counterrevolutionary activities are tried and sentenced secretly by military tribunals. Accused individuals generally receive little representation from counsel at trial. The government selects the attorney in virtually all political cases. Detainees are given very little time with their lawyers before trial. The 1983 OAS report indicated that some clients see their counsel for only an hour before trial while others meet their lawyers for the first time at the trial itself. Attorneys frequently are not informed of the trial until the day it begins. They are cautioned against conducting too rigorous a defense of their clients. Some plead guilty for their clients even when the clients insist on their innocence; others refuse to challenge accusations. Fear may motivate some of these lawyers; they are probably well aware that one risks sanctions and even arrest and imprisonment for defending one's client too well. Attorneys have been jailed for conscientiously defending individuals charged with political offenses, as the case of the late Aramis Taboada illustrates.

A trial normally consists of evidence presented by prosecution witnesses (generally members of State Security).

There are usually no defense witnesses. If a member of a block committee testifies for someone in a criminal matter, that person usually gets a reduced sentence. Political trials generally last from a few hours to a day, even in cases where long prison terms are at stake. Reports have reached the OAS that in one case a trial lasted no longer than 10 minutes and that political trials never last longer than 3 days, including announcement of judgment and imposition of sentence.

Few observers are permitted at political trials. The pressures on judges to find guilt in these cases are strong, especially when party leaders appear to denounce the accused. Fidel Castro and his brother Raul have been known to appear at trials to denounce prominent persons accused of political offenses. As the OAS report stated: "Such strong pressure . . . excessively influences the administration of justice, and leaves it no alternative but to endorse the verdict of the political leadership. . . ." The report added: ". . . the evidence would indicate that the sentences have always been fully in accord with the Executive's idea of proper justice."

Conditions and treatment in Cuban prisons are absolutely wretched. Armando Valladares and many other former long-term political prisoners have provided firsthand descriptions of the deplorable conditions they were forced to endure. The prisoners reported major, systematic abuses, including beatings by guards and officers, withholding of food and water, inadequate diet and withholding of medical care, withholding of fresh air and exercise, confining prisoners in dungeon-like cells, withholding of family visits for years, withholding of mail for years, solitary confinement, physical injury caused by electronic noise machines, cell doors welded shut, participation of prison medical staff in acts of torture, and suspected medical experiments carried out without the permission of prisoners.

The most brutal treatment is reserved for the *plantados*, as those political prisoners who refuse "political rehabilitation" are known. They spend their days dressed only in pajamas or underwear or without any clothing at all. Visits by friends or relatives are limited to one or two per year, or less, and letters to one per month.

Political prisoners are not routinely released at the end of their terms. Their freedom depends on a personal decision by Fidel Castro, who has frequently used the release of political prisoners to gain

favor with an influential foreign visitor or to put the latter under obligation to "respond." Sentences are often extended without any trial or due process. *Plantados* are especially likely to be forced to remain in prison after expiration of their sentences. There are reports that these prisoners are subjected to particularly harsh conditions, especially those in Boniato Prison.

Many of those forced to remain in prison past term have been incarcerated 15–20 years when their extensions are given. In at least one case, that of Santos O. Mirabal Rodriguez, the "past term" sentence has been longer than the original one. Mirabal was sentenced for political offenses at the age of 12 to be imprisoned until the age of 21. Although his sentence expired in June 1971, he has been forced to remain in prison ever since. His only moments spent outside prison were in June 1984 when he was subjected to the psychological torture of being put on a bus of freed prisoners bound for the United States only to be removed at the last minute.

Torture and mistreatment continue today. In April 1986, a dozen former prisoners testified before an international panel in Paris about additional examples of torture and inhuman treatment. Ana Lazara Rodriguez cited cases of guards throwing women down stairs and kicking them in the breasts and stomachs. Raoul Carmeante reported that 15- to 18-year-old boys were put in prison barracks with sexual degenerates who raped them repeatedly. Eduardo Capote showed the panel his hand where one of his fingers had been chopped off by a prison guard.

Teresa Mayan, who was imprisoned in 1982 for 1 year for attempting to flee Cuba with her son, told the panel about beatings and lack of medical care. She also stated that many fellow prisoners went mad and "almost every day a prisoner committed suicide." Mrs. Mayan observed: "If anybody says that all happened years back, I am here to tell them it is still happening."

Once political prisoners are freed, they are sometimes forbidden to leave Cuba. Ricardo Bofill Pages, chairman of the Cuban Committee for the Defense of Human Rights, was released from his third term in prison in August 1985 but still awaits permission to depart the country. In August 1986, following the arrest of five members of the committee, Bofill—fearing a fourth prison sentence—took refuge at the French Embassy in Havana, where he remains today.

While waiting for exit permits, former political prisoners sometimes are

denied the right to work, possess ration cards, or obtain basic identification documents. They are subject to discriminatory treatment for the rest of their lives. They must live with constant surveillance and social ostracism.

Only the Cuban Government knows the exact number of political prisoners in Cuba. Fidel Castro told foreign journalists in February 1985 that "Political prisoners, . . . the recalcitrant ones who once numbered many thousands, amount to about 200. . . ." Castro, who has no reason to exaggerate, also stated that the total number of individuals "sentenced for counterrevolutionary activities" could be as many as 1,000. Americas Watch and Amnesty International have published estimates that the number is between 250 and 1,000.

The Cuban Government no longer distinguishes political from common criminal prisoners. Many persons have been imprisoned for acts that are attempts to resist or flee an oppressive regime. Thus some former political prisoners who contend that the total number of political prisoners is, in fact, nearer 10,000 may well be correct. A 1985 survey by Amnesty International of other human rights organizations drew responses indicating that there may be as many as 15,000 political prisoners in Cuba, though Amnesty International itself did not endorse that number. Few political prisoners have been involved in violence against the government.

In January 1985, a delegation from the U.S. Catholic Bishops Conference asked for the release of 147 long-term political prisoners, after which the Cuban Government offered to release 75 persons—the majority of them not on the list of 147—and allow them and their families to leave Cuba for the United States. The United States welcomed many of these brave people to their new lives of freedom in September 1986.

Executions for political offenses are still frequent in Cuba. Twenty-nine people were executed in October 1982 for "plotting against Castro." Among these was Armando Hernandez Gonzales whose "plotting" consisted of putting up anti-Castro posters and scattering some nails in the road to hinder trucks carrying people to Sunday "voluntary" labor. Several of his relatives were similarly charged and also executed at this time. In August 1983, John Olivera Alberto, a Jehovah's Witness, was executed for spreading propaganda inciting rebellion. Three other Jehovah's Witnesses—Jesus Prieto Suarez, Saul Pay, and Efrem Noriegas Barroso—were executed in

October 1983 for possessing a mimeograph machine to reproduce religious tracts.

The Cuban Committee for the Defense of Human Rights reported in 1984 that 37 people were executed by firing squads between October 1983 and May 1984. The same committee reported in 1985 that at least five young Cubans were executed in the first half of 1985.

A 16-year-old boy was shot to death on November 18, 1985, and an 18-year-old companion possibly wounded by Cuban police guards when the two attempted to gain access to the Venezuelan Embassy in Havana. According to all accounts, no attempt was made to warn or negotiate with the boys, who were simply shot on sight—disturbing evidence of the regime's standing orders in such matters. This was the third person killed at the Venezuelan Embassy in the preceding 22 months and the 21st killed there since 1974.

Human Rights Progress in 1986

by Richard Schifter

Address on Human Rights Day on December 10, 1986, at the White House. Ambassador Schifter is Assistant Secretary for Human Rights and Humanitarian Affairs.

Our annual gatherings to celebrate Human Rights Day are appropriate occasions to take inventory on developments in the field of human rights over the last 12 months. They have been marked by progress in some countries, by setbacks in others, and by disappointing lack of movement in still others.

We are all, of course, well aware of the ending of dictatorial rule in the course of this year in Haiti and the Philippines. Regrettably, but understandably, in neither country has the change of government ushered in a period of domestic peace. But there is now a real chance in both countries for progress under a democratic form of government. Responsibility for assuring such progress rests, of course, with the citizens of these countries and the political leadership which now holds office there. Our role is to be of assistance in this context, to do whatever we can to be of help.

Let me add that we also witnessed a free election in Guatemala as that country joined El Salvador in the strengthening of democratic institutions in Central

Cuba still finds it necessary to use capital punishment for an extraordinary range of "offenses." No free society, and, indeed, few authoritarian ones, executes its young people for painting slogans on walls, preachers for passing out religious pamphlets, workers for putting up posters, or farmers for protesting a low grain price. Nor does a society having any claim to be just condemn to death workers for talking about a union, judges for refusing to give a stronger sentence, or lawyers for effectively representing their clients.

Fidel Castro's revolution is now 27 years old. More than enough time has passed to assess its results. The revolution has failed miserably to provide for the economic and social well-being of the Cuban people. It has been sordidly successful in aggressively denying the Cuban people every freedom and human right. ■

America for which Presidents Cerezo and Duarte are to be congratulated. The measures they have taken have, indeed, served to restore respect for human rights in their countries. They have demonstrated that the democratic process and respect for human rights go hand in hand.

One country in the Western Hemisphere in which we had hoped for far more progress in the past year than has been achieved has been Chile. We are aware of the acts of terrorism with which the Chilean Government has had to grapple, of the support given by outsiders to forces at work in Chile whose intent it is to foster civil strife in that country. But that does not justify torture or any of the other serious deprivations of human rights which not only have continued to occur in Chile but have increased in the last year. On the other hand, we are glad to note that in recent weeks there has been the beginning of a dialogue between persons in governmental leadership and representatives of the democratic opposition. It is our sincere hope that in the months ahead this dialogue will, at long last, help initiate the first steps toward Chile's peaceful return to democracy.

Without going into extensive detail, let me say that our concerns over Chile are paralleled in Paraguay, where there

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has been a disturbing increase in repression, even in recent weeks, as the government has initiated a series of arrests of persons on political charges.

We need not revisit on this occasion the topic of South Africa, concerning which Secretary Shultz has spoken so clearly just a few days ago. Let me say simply that our emphatic rejection of the system of apartheid continues. We are shocked by the massive human rights violations occurring in South Africa today, including the recent tightening of restrictions on a vigorous press, at one time a shining symbol of the recognition of democratic values. We also, as always, are deeply concerned about the limits on our ability to intercede on behalf of the victims of apartheid and of other human rights violations.

In addition to race, another shameful target of human rights abuse is the practice of religion. At the UN Human Rights Commission, it proved possible earlier this year to take a significant step forward for the cause of religious freedom by establishing the office of the Rapporteur on Religious Intolerance. In a world in which religious intolerance and strife based on such intolerance have been commonplace for millennia, we now have a man whose task it is to lead the fight against this scourge. I am happy to note that the man appointed to the position of rapporteur, Dr. Angelo Ribeiro of Portugal, is with us in this room today.

My recitation of specific country situations is, obviously, not exhaustive. Nor is it my purpose to try to cover the globe in these remarks. The State Department's annual country reports to the Congress, which are now in preparation, will deal with these concerns. These reports demonstrate the strength of our conviction that abuses must be pointed out wherever they occur, whether in nations friendly or antagonistic to America's foreign policy interests.

Cuba and the Soviet Union

The remainder of my remarks shall be devoted to two countries, namely Cuba and the Soviet Union. The reasons why these two states deserve special attention on an occasion like this is not only that they are among the world's most serious human rights violators but also that their human rights violations have either, as in the case of Cuba, not been in the news for decades, or, as in the case of the Soviet Union, have been taken for granted by the media for a good many years.

Cuba is the Western Hemisphere's paramount totalitarian state, the fiefdom

of one of the world's longest lasting dictators. It is a country which seeks to repress all forms of independent expression, a country in which the population is intimidated not only by an all-powerful secret police apparatus, but one in which average citizens are called upon to spy on their neighbors. It is a country in which the slightest, most innocent expression of disapproval of the government can have seriously adverse consequences, such as a reduction in rations or the loss of the educational opportunities for one's children. What we see in Cuba at present, we fear, is the scenario of a fast-approaching future of Nicaragua, where the Sandinista regime has destroyed the democratic promises of the revolution, turning the country from one despotism to another.

You will hear more on the subject of Cuba from a man who has firsthand knowledge of it, Armando Valladares.

We are also fortunate to have in our midst today Yuriy Orlov, like Armando Valladares, a man who had to give up years of his life, which he had to spend in prison, and who ultimately gave up his homeland—all in championing the cause of freedom. It is Yuriy Orlov's presence here that reminds us of the reality of life in the Soviet Union. A year ago, as we gathered here within weeks following the Geneva summit, there were some of us who cautiously hoped that improvements in the Soviet human rights record might be just around the corner. Today, as we review events over the course of the last 12 months, we must, sadly, take note of the fact that the corner has not, as yet, been turned.

What we have witnessed during the last year has been a new look in Soviet public relations but not in the substance of Soviet policies. It appears as if the Kremlin has taken on a new advertising agency, with bright, young specialists on the Western mind, able to design new packaging and new selling methods. But the product that is being sold remains the same.

With the Western market in mind, there have been a few high-profile gestures from the Soviet Union. An announcement is made, with appropriate fanfare, that a 3-year-old baby will be allowed to join her parents who 2 years ago escaped to the West. Yet, where else but in the Soviet Union and some of its allies is it a crime to leave one's country without proper permission? And where else but in the Soviet Union and some of its allies would parents be punished in this manner?

With appropriate fanfare, a small number of human rights activists are released early or allowed to emigrate.

But what about the many others, courageous men and women who are punished with prison, internal exile, or other restrictions on their freedom because they expressed their thoughts in speech and in writing. And let us note that this is punishment meted out to persons who were doing nothing other than exercising rights accorded them under the provisions of the Helsinki Final Act, signed by the Soviet Union.

This year we were visited in the United States by the person who heads the agency in the Soviet Union charged with licensing of religious activities. Our visitor assured all those within earshot that a new day has dawned in the Soviet Union as far as the practice of religion is concerned. One would hope that he will soon pass this message to the managers of the gulag, which holds hundreds of religious believers in its prisons. During the last 12 months, at least another 90 persons have been sentenced to long prison terms for violating laws regulating religious practices.

Another area of deep concern to us is that most barbarous of Soviet practices, committing sane persons to mental institutions as a form of punishment for their expression of dissenting views. It is deeply troublesome that members of the medical profession have allowed themselves to be used in this manner. But it is to the everlasting credit of one Soviet psychiatrist, Dr. Anatoliy Koryagin, that the heinous system of abuse of psychiatry has been fully exposed. For doing so, Dr. Koryagin has had to pay a heavy price, a term of 7 years incarceration, which he is now serving in the infamous Chistopol Prison.

And it was out of Chistopol Prison that the news came yesterday of the death, at the age of 49, of another true hero of the Soviet Union, Anatoliy Marchenko. Marchenko was the man who fully exposed Soviet prison camp conditions in the post-Stalin era. By the time of his death, he had spent a total of 20 years in prison. His most recent sentence, handed down in 1981, was for a term of 10 years for anti-Soviet propaganda. Prison conditions in the Soviet Union have broken the health of many a man. They broke the health of Anatoliy Marchenko and converted a prison sentence into a sentence of death.

One action which demonstrates the Soviet attitude toward human rights as much as any other they have taken this year is the fact that the Government of the U.S.S.R. in October declared our human rights officers, Michael Matera in Moscow and his able counterpart in Leningrad, Daniel Grossman, *persona non grata*.

OCEANS

Human rights officers who serve in our embassies overseas deserve special recognition. These courageous men and women face all of the challenges and threats which any Foreign Service officer must confront while bearing the additional risk, in countries which are major human rights violators, of incurring the hostility of authorities who have something to hide.

Mr. Matera is with us today. He won the admiration and respect of his Foreign Service colleagues in Moscow and of those brave Soviet citizens who, at enormous cost to themselves, try to advance the cause of human rights in their own country.

If the Soviet authorities believe that such actions as expelling our human rights officers will discourage us from pursuing our human rights goals in the Soviet Union, they are badly mistaken.

And then there is the matter of emigration. The right to leave one's country is clearly spelled out in the Universal Declaration of Human Rights, a document incorporated into the Helsinki Final Act. It is another one of the obligations undertaken at Helsinki which the Soviet Union honors in the breach.

In this field, too, with appropriate fanfare, the Soviet Union has, during the past year, announced approval of a series of applications for family reunion. The announcements were, understandably, welcome news to the families directly involved. They were welcome news to all of us. For let me stress that to us every life is precious, every individual's fate is important. We rejoice at the unification of every single family.

But what justification had there been for originally separating these spouses, parents and children, siblings? Why hadn't they had a chance to be united much earlier?

To be sure, as part of the new public relations effort, we have noticed a willingness on the part of Soviet officials to listen to appeals for permission to emigrate, to accept letters or lists of persons interested in emigrating. Regrettably, this has proved to be nothing more than a charade. Emigration continues to be at a level of approximately 1,000 per year, 98% below the level of 1979. Moreover, to avoid any doubt as to where the Soviet leadership stands on the issue of emigration, a law was promulgated on August 31, 1986, by the Soviet Council of Ministers which provides that, aside from one minor exception, no application for an exit visa will be approved unless the requested emigration is sponsored by a person liv-

ing abroad who is the spouse, parent, child, or sibling of the applicant. The intent of the law is clearly to say *nyet* to appeals that the Soviet Union allow large-scale emigration.

That this was the intent of the law, was, in fact, made clear by Ambassador Kashlev, the head of the Soviet delegation to the CSCE [Conference on Security and Cooperation in Europe] meeting now taking place in Vienna. He told a congressional delegation that the Soviet Union now has a law on the subject of emigration and that no letter or petition will help because the law must be obeyed. That such a law, in turn, is clearly in conflict with the undertakings of the Helsinki Final Act appears not to be a matter of concern to the Soviet authorities.

Navigation Rights and the Gulf of Sidra

Background

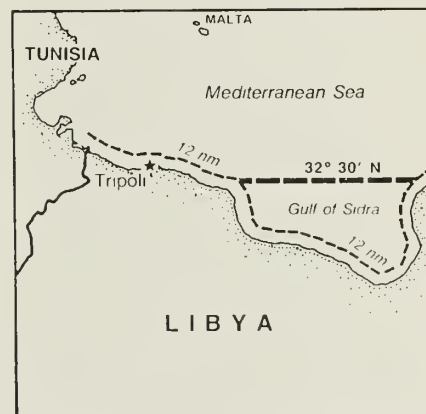
In October 1973, Libya announced that it considered all water in the Gulf of Sidra south of a straight baseline drawn at 32° 30' north latitude to be internal Libyan waters because of the gulf's geographic location and Libya's historic control over it. The United States and other countries, including the U.S.S.R., protested Libya's claim as lacking any historic or legal justification and as illegally restricting freedom of navigation on the high seas. Further, the U.S. Navy has conducted many operations within the gulf during the past 12 years to protest the Libyan claim. These exercises have resulted in two shooting incidents between Libyan and U.S. forces. The first was in 1981, when two Libyan aircraft fired on U.S. aircraft and were shot down in air-to-air combat, and the second in March 1986, when the Libyans fired several missiles at U.S. forces and the United States responded by attacking Libyan radar installations and patrol boats.

Barbary Coast History

This is not the first time that the United States has contended with navigational hindrances imposed by North African states. After the American Revolution, the United States adhered to the then common practice of paying tribute to the Barbary Coast states to ensure safe passage of U.S. merchant vessels. In

I have taken the time to spell out these details because they have tended to be overlooked as the Soviet Union continues to pursue its aggressive public relations effort. It is critically important for us to face the reality, the reality exemplified by Yuriy Orlov's years of imprisonment and exile, by Natan Shcharanskiy's years in prison, by the fact that both of them were released only in an exchange for spies.

However, hope springs eternal in the human breast. None of us will want to give up the struggle just because the road is difficult. Wherever freedom is at issue, be it in Chile or South Africa, Cuba or the Soviet Union, the United States is prepared to speak up, whether in private or in public, in support of human rights and human dignity. ■



1796, the United States paid a one-time sum (equal to one-third of its defense budget) to Algiers, with guarantees of further annual payments. In 1801, the United States refused to conclude a similar agreement with Tripoli, and the Pasha of Tripoli declared war on the United States. After negotiations failed, the United States blockaded Tripoli; in the autumn of 1803 Commodore Edward Preble led a squadron, including the U.S.S. *Constitution* ("Old Ironsides"), to the Mediterranean to continue the blockade. Shortly after the squadron arrived off Tripoli, a U.S. frigate, the *Philadelphia*, ran aground and was captured. Lt. Stephen Decatur led a team into Tripoli harbor and successfully burned the *Philadelphia*. In June 1805, the Pasha agreed to terms following a ground assault led by U.S. Marines that captured a port near Tripoli. In 1810 Algiers and Tripoli renewed raids against U.S. shipping, and in 1815, Commodore Decatur's squadron caught the Algerian fleet at sea and forced the Dey

of Algiers to agree to terms favorable to the United States. Decatur then proceeded to Tunis and Tripoli and obtained their consent to similar treaties. A U.S. squadron remained in the Mediterranean for several years to ensure compliance with the treaties.

Current Law and Custom

By custom, nations may lay historic claim to those bays and gulfs over which they have exhibited such a degree of open, notorious, continuous, and unchallenged control for an extended period of time as to preclude traditional high seas freedoms within such waters. Those waters (closed off by straight baselines) are treated as if they were part of the nation's land mass, and the navigation of foreign vessels is generally subject to complete control by the nation. Beyond lawfully closed-off bays and other areas along their coasts, nations may claim a "territorial sea" of no more than 12 nautical miles in breadth (measured 12 miles out from the coast's low water line—or legal straight baseline) within which foreign vessels enjoy the limited navigational "right of innocent passage." Beyond the territorial sea, vessels and aircraft of all nations enjoy freedom of navigation and overflight.

Since Libya cannot make a valid historic waters claim and meets no other international law criteria for enclosing the Gulf of Sidra, it may validly claim a 12-nautical-mile territorial sea as measured from the normal low-water line along its coast (see map). Libya also may claim up to a 200-nautical-mile exclusive economic zone in which it may exercise resource jurisdiction, but such a claim would not affect freedom of navigation and overflight. (The United States has confined its exercises to areas beyond 12 miles from Libya's coast.)

U.S. Position

The United States supports and seeks to uphold the customary law outlined above, and it has an ongoing global program of protecting traditional navigation rights and freedoms from encroachment by illegal maritime claims. This program includes diplomatic protests (delivered to more than 50 countries since 1975) and ship and aircraft operations to preserve those navigation rights. Illegal maritime claims to which the United States responds include:

- Excessive territorial sea claims;
- Improperly drawn baselines for measuring maritime claims; and
- Attempts to require notification or permission before foreign vessels can

transit a nation's territorial sea under the right of innocent passage.

Thus Libya has not been singled out for special consideration but represents simply one instance in the continuing U.S. effort to preserve worldwide navigational rights and freedoms. The fact that Libya chose to respond militarily to the U.S. exercise of traditional navigation rights was regrettable and without any basis in international law.

U.S. Intentions

The United States will pursue actively its efforts to preserve traditional navigational rights and freedoms that are

equally guaranteed to all nations. The preservation of rights is essential to maritime commerce and global naval and air mobility and is imperative if all nations are to share equally in the benefits of the world's oceans. As always, the United States will exercise its rights and freedoms fully in accord with international law and hopes to avoid further military confrontations, but it will not acquiesce in unlawful maritime claims and is prepared to defend itself if circumstances so require.

Taken from the GIST series of December 1986, published by the Bureau of Public Affairs, Department of State. ■

Terrorism: The Challenge and the Response

by John C. Whitehead

Address before the Brookings Institution Conference on Terrorism on December 10, 1986. Mr. Whitehead is Deputy Secretary of State.¹

I appreciate the opportunity to participate in this important conference on terrorism. I note from your program that you have already heard the perspectives of many distinguished academics and specialists; this afternoon, I would like to present our views on this scourge. More specifically, there are three questions that I want to address.

First, what exactly is terrorism?

Second, why is the United States so concerned about terrorism?

And third, what are we doing to combat it?

Let me begin with some observations on the nature of terrorism. In recent years, we have learned a good deal about what terrorism is and is not. What once may have seemed the random, senseless acts of a few crazed individuals has come into clearer focus as a new pattern of low-technology and inexpensive warfare against the West and its friends. And, while it is an alarming pattern, it is a threat that we can identify, combat, and, ultimately, defeat.

Terrorism is a sophisticated form of political violence. It is neither random nor without purpose. On the contrary, terrorism is a strategy and tool of those who reject the norms and values of civilized people everywhere.

Today, humanity is confronted by a wide assortment of terrorist groups whose stated objectives may range from separatist causes to ethnic grievances to social and political revolutions. Their methods include hijackings, bombings, kidnappings, and political assassinations. But the overarching goal of virtually all terrorists is the same: to impose their will by using force against civilians.

The horrors they inflict on the defenseless are calculated to achieve very specific political purposes. They want people to feel vulnerable and afraid; they want citizens to lose faith in their government's ability to protect them; and they want to undermine the legitimacy not only of specific government policies but of the governments themselves.

Terrorists gain from the confusion and anarchy caused by their violence. They succeed when governments alter their policies out of intimidation. They also succeed when governments respond to terrorist violence with repressive, polarizing actions that alienate the authorities from the populace—and, thereby, play directly into the terrorists' hands.

State-Sponsored Terrorism

As you may well know, terrorist violence is hardly a new phenomenon. Nearly two centuries ago, for example, the Barbary pirates conducted their own form of terrorism, operating from North African ports and leading to the landing of U.S. marines on the shores of Tripoli. Similarly, the forerunner of the car bomb,

the cart bomb, dates back to Napoleonic times. Nevertheless, certain features of modern-day terrorism seem to be, if not historically unprecedented, then certainly very unusual.

To begin with, a good deal of contemporary terrorism is state sponsored. As an example, consider one of the most notorious terrorist groups of our day, the Abu Nidal organization. This group now receives backing and support from Libya; it finds sanctuary in Eastern Europe; and Damascus has provided it with important logistical support since 1983. Indeed, Syria allows Abu Nidal's group to maintain training camps in areas of Lebanon under Syrian control. Syria also provides the group with travel documents, permits its operatives to transit freely, and continues to sanction the operation of Abu Nidal's facilities in Damascus.

Nor is Abu Nidal the only terrorist group supported by Syria. Damascus also provides varying amounts of support to other radical Palestinian groups. Non-Palestinian terrorist groups, as well, have facilities or have received training in Syria or Syrian-controlled parts of Lebanon. These groups include the Japanese Red Army, the Kurdish Labor Party, the Armenian terrorist organization ASALA [Armenian Secret Army for the Liberation of Armenia], and al-Zulfikar of Pakistan. In the past, we have had to rely on intelligence sources for information on Syrian support for international terrorism. More recently, however, public trials in London and Berlin have conclusively demonstrated Syria's complicity in terrorist actions.

Unfortunately, Syria is not the only state which supports terrorism. Iran, Cuba, Libya, and South Yemen are also key members of today's terrorist international. Indeed, the deadly combination of direct government assistance such as arms, explosives, communications, travel documents, and training, on the one hand, and violent individuals or groups, on the other hand, is a major factor in both the growth and the effectiveness of terrorism in recent years.

The Soviet Role

In the past, terrorism was almost exclusively the weapon of the weak, a gesture by small groups of determined extremists to call attention to their cause. Today, however, we see that even a major power like the Soviet Union supports terrorist activity in pursuit of its ambitions.

We should understand the Soviet role in international terrorism without exaggeration or distortion. The Soviet Union officially denounces the use of terrorism as an instrument of state policy. Yet here, as elsewhere, there is a wide disparity between Soviet statements and actions. The Soviet Union uses terrorist groups to advance its own purposes and goals, including the weakening of liberal democracy and the undermining of regional stability. One does not have to believe that the Soviets are puppeteers and the terrorists marionettes; violent or fanatic individuals and groups can be found in almost every society. But, certainly, in some countries terrorism has been more violent and pervasive because of support from the Soviet Union and its satellites—notably Bulgaria, East Germany, and Czechoslovakia.

Terrorism and Democracy

In thinking about terrorism, certain facts must be faced. All states and all political systems are vulnerable to terrorist assault. Nevertheless, the number of terrorist incidents in totalitarian states is minimal; markedly fewer acts are committed against their citizens abroad than against Westerners. This discrepancy has not arisen simply because police states make it harder for terrorists to carry out acts of violence. It also reflects the fundamental antagonism between terrorism and democracy.

One reason that the United States is so concerned about terrorism, wherever it takes place, is that it is largely directed against the democracies—often against our fundamental strategic interests, always against our most basic values. The moral values upon which democracy is based—individual rights, equality under the law, freedom of thought, freedom of religion, and the peaceful resolution of disputes—all stand in the way of those who seek to impose their will, their ideology, or their religious beliefs by force. The terrorists reject and despise the open processes of democratic society and, therefore, consider us their mortal enemy.

States that sponsor terrorism use it as another weapon of warfare against the United States and our allies. Through terrorism, they seek to gain strategic advantages where they cannot use conventional means of attack. When terrorists, reportedly with Iranian backing, set out to bomb Western personnel in Beirut, they hoped to weaken the West's commitment to defend its

interests in the Middle East. When North Korea perpetrated the murder of South Korean Government officials in Rangoon, it sought to weaken the non-communist stronghold on the mainland of East Asia. When Syria participated in the attempt to blow up the El Al airliner and murder over 300 people, it attempted to strike a major blow against Israel, the United States, and Britain.

In Europe, the Middle East, and elsewhere, the United States is a principal target of terrorist violence, not so much because of what we do or don't do but, rather, because of what we are: a nation dedicated to the peaceful resolution of conflicts.

Preventing Future Terrorist Violence

Terrorist violence is taking an increasingly grim toll on human life. Last year, for example, nearly 800 terrorist attacks hit citizens and public facilities in 84 countries; over 900 persons were killed, of whom 38 were American. As an American official, I highlight the number of Americans who have been killed. But, no matter what their nationality, 900 deaths are just too many.

The potential of future incidents is even more worrying. Terrorists now rely on guns, grenades, and bombs to spread ruin and fear. That is bad enough. In the future, however, states which support terrorists could provide even more lethal means of destruction. The fact that this has not happened yet does not allow us to be complacent about the future. On the contrary, the essence of an effective policy is to identify a danger to our interests before it is self-evident and implement a sensible preventive response.

U.S. Counterterrorist Policy

What I have said thus far should give you a clear conception of this Administration's view of the phenomenon of terrorism. Now let me turn to the third and final point I want to discuss this afternoon: U.S. counterterrorist policy. I hardly need say that this is a particularly controversial topic just now. Many of you, I am sure, have strong views on this subject. Yet I urge you not to lose sight of the many real and substantial achievements this Administration has made in the fight against terrorism. Much of this effort receives little attention and takes place in the realm of intelligence gathering, in the cluttered offices of analysts, or in

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the laboratories of scientists trying to develop better ways of detecting hidden explosives.

What are these achievements? During the past few years, we have made remarkable progress in thwarting potential attacks. Only successful terrorist acts receive front-page coverage, but I'd like to draw your attention to the attempts that fail—largely due to our efforts. Last year alone, we and our friends foiled more than 120 planned terrorist attacks. For example, in Turkey this April, security officers arrested Libyan-supported terrorists who were planning to attack the U.S. officers club in Ankara during a wedding celebration. In Paris, at about the same time, officials thwarted a similar attack planned against the visa line at the U.S. Embassy.

A number of initiatives have contributed to this progress. We have been developing our own intelligence capabilities vis-a-vis international terrorists and sharing that intelligence with other nations in a timely fashion. We have expanded international cooperation in the fields of law enforcement and counterterrorist training. Under the Anti-Terrorism Assistance Program, which began in April 1984, we have established active exchange and training programs with 32 foreign governments.

States which may not actually train and fund terrorists but which ignore terrorist activity in their own countries pose a particularly difficult problem. Unless their own citizens are the targets of terrorist acts, many nations assume it's not their problem. We are responding to this unwillingness to act by discussing terrorism with all nations—not just our allies. I recently returned from a trip to Eastern Europe, which is an area well known for its leniency toward terrorists. Eastern Europeans are realizing that terrorism is their problem too: there were Hungarians at the Vienna airport when it was attacked last year, and Romania recently stated its opposition to terrorism. There is much more to be done in Eastern Europe, but with continued effort, we can make all countries understand that terrorism is a crime against humanity.

We are also for putting teeth into international antiterrorism conventions. For example, the International Civil Aviation Organization toughened its regulations dramatically after the hijacking of TWA Flight 847. In response to the *Achille Lauro* hijacking, the International Maritime Organization began to develop similar regulations for seaborne

transportation. Last year, the UN General Assembly adopted a strong resolution declaring terrorism a crime, whatever the rationale.

We have taken great strides toward bringing our diplomatic installations in threatened areas up to the standards necessary to protect our people. All of our posts have conducted intensive reviews of their security needs, and these reviews have been the basis for speedy action. We have made immediate improvements at 23 high-threat posts. We are planning to construct new office buildings that will measure up to the latest security standards. The Inman commission [Advisory Panel on Overseas Security] has estimated that improving the security of our institutions abroad will cost \$4.2 billion over a 5-year period. Congress has approved less than \$1 billion for the first stage. There is obviously a great need for increased funding over the next 5 years.

Our research into new technologies for enhancing physical security is also continuing. We have begun working with the private sector to help corporations improve their capacity for dealing with terrorists. We have passed tougher laws against terrorism, such as the Omnibus Anti-Terrorism Act of 1986, which makes terrorist acts against Americans abroad punishable in U.S. courts. And we are urging other nations to tighten their procedures for issuing visas to suspected terrorists.

We have also developed our own counterterrorist military capabilities to react swiftly to terrorist situations. In both the *Achille Lauro* affair and last April's assault on Tripoli, we demonstrated our willingness and ability to use force against terrorists and against states that support them. Col. Qadhafi now has no illusions about our determination—and neither should any others who would use terrorist violence against us.

Most important, perhaps, we are helping to educate the public about the real nature of the terrorist threat. Over the years, too many of us have accepted uncritically certain very misleading views about the nature of terrorism—views which disarm us intellectually and strengthen our adversaries. For any counterterrorism policy to be effective, these misconceptions must be dispelled.

Misconceptions About Terrorism

What misconceptions am I referring to? Let me briefly mention three of them. We have all heard the insidious assertion that "one person's terrorist is another's

freedom fighter." What this constitutes, of course, is an attempt to justify terrorism as a legitimate form of warfare and political struggle.

When Secretary Shultz addresses this issue, he sometimes quotes the powerful rebuttal of this kind of moral relativism made by the late Senator Henry Jackson. Senator Jackson's statement bears repeating today.

The idea that one person's "terrorist" is another's "freedom fighter" cannot be sanctioned. Freedom fighters or revolutionaries don't blow up buses containing non-combatants; terrorist murderers do. Freedom fighters don't set out to capture and slaughter school children; terrorist murderers do. Freedom fighters don't assassinate innocent businessmen, or hijack and hold hostage innocent men, women, and children; terrorist murderers do. It is a disgrace that democracies would allow the treasured word "freedom" to be associated with acts of terrorists.

So spoke Scoop Jackson. So should we all speak.

Another fallacy we often hear is that military action taken to retaliate against or preempt terrorism is contrary to international law. Some have even suggested that to use force against terrorism is to lower ourselves to the barbaric level of the terrorists. But, as the President and Secretary Shultz have pointed out time and again, the UN Charter is not a suicide pact. Article 51 explicitly allows the right of self-defense. It is absurd to argue that international law prohibits us from acting in our self-defense. On the contrary, there is ample legal authority for the view that a state which supports terrorist or subversive attacks against another state or which supports terrorist planning within its own territory is responsible for such attacks. Such conduct can amount to an ongoing armed aggression against the other state in international law. As the President said in connection with Libya's support for terrorist violence:

By providing material support to terrorist groups which attack U.S. citizens, Libya has engaged in armed aggression against the United States under established principles of international law, just as if [it] had used its own armed forces.

All of us can agree, I hope, that the United States has not only the right but the obligation to defend its citizens against terrorist violence. We should use our military power only if the stakes justify it, if other measures are unavailable, and then only in a manner appropriate to a clear objective. But we cannot rule out the use of armed force in every context. Our morality must be a

source of strength, not paralysis. Otherwise, we will be surrendering the world's future to those who are most brutal, most unscrupulous, and most hostile to everything we believe in.

A third argument we sometimes hear is that by openly discussing terrorism, we're only giving the terrorists unwarranted recognition and legitimacy. According to this line of reasoning, we should downplay public expression of our concerns in the hope that a low profile will deprive the terrorists of the visibility they seek. Unfortunately, terrorist groups have shown great skill in dealing with the media, and their crimes are likely to attract considerable press and television attention, regardless of what the U.S. Government does. Under these circumstances, our duty is clear: we must persist in our campaign to build a broad coalition, at home and abroad, willing to stand up against terrorism.

Conclusion

Let me conclude with a final observation. Recent events may have raised doubts in some minds about the credibility of U.S. counterterrorist policy. But I can assure you that this Administration's overall policy is well in place, and it remains a sound framework for countering the terrorist scourge. Today, as in the past, our policy is based on four principles.

- We consider terrorism a criminal activity that no political cause can justify.
- We refuse to make concessions to terrorists.
- We regard state-sponsored terrorism as a menace to all nations and promote cooperation among states on practical measures to track down, arrest, and prosecute terrorists.
- We encourage international cooperation in isolating terrorist states to make it clear that costs will be imposed on those states that support or facilitate the use of terror.

Implementing these guidelines will not be easy. There are no magic solutions or quick fixes; and, as in all situations where human lives are at stake, there are political complexities and moral dilemmas that cannot be wished away. But, bilaterally and multilaterally, we are working at home and abroad in our war against terrorism. We are in this war for the duration, and we are determined to win.

¹Press release 260 of Dec. 11, 1986. ■

Syrian Support for International Terrorism: 1983-86

The following documents were prepared by the Office of the Ambassador at Large for Counter-Terrorism and made available December 5, 1986. The chronology of selected terrorist incidents by Syrian-supported groups is not intended to be all-inclusive but is illustrative of Syria's involvement in and support for terrorism and terrorist groups. The groups cited in this chronology have links with Syria.

New evidence of Syrian support for and direct involvement in international terrorism has been brought to light in two recent trials including the conviction in Great Britain of Nizar Hindawi for the attempted bombing of an El Al civilian airplane with 375 passengers aboard.

Syria clearly has a long record of involvement in terrorism. Syria is one of the "charter members" of countries on the U.S. Government's terrorism list, which was first compiled in 1979.¹

The pattern of Syrian activity in support of terrorism has varied. From the mid-1970s through 1983, Syrian personnel are known to have been directly involved in terrorist operations. These operations were primarily directed against other Arabs such as Syrian dissidents, moderate Arab states such as Jordan, and pro-Arafat Palestinians, as well as Israeli and Jewish targets. In 1982, for example, a car bomb exploded in front of the offices of a Lebanese-owned, pro-Iraqi newspaper in downtown Paris, killing one person and injuring scores of others. France later expelled two Syrian diplomats and ordered its ambassador home for consultations.

By late 1983, Damascus had curtailed use of its own personnel. Instead, it began to rely more heavily on terrorist groups made up of non-Syrians who have bases and training facilities in Syria and Syrian-occupied areas of Lebanon. The most notorious of these is the Abu Nidal organization.

Available evidence indicates that Syria prefers to support groups whose activities are generally in line with Syrian objectives rather than to select targets or control operations itself. Damascus utilizes these groups to attack or intimidate enemies and opponents and to exert its influence in the region. Yet at the same time, it can disavow knowledge of their operations. Such

Syrian-supported groups have carried out scores of attacks against Palestinian and other Arab, Turkish, Israeli, and Western targets during the past 3 years.

In 1986, investigations into major incidents have revealed another change in Syrian activities: that Syria has not abandoned its willingness to be directly involved in terrorist attacks. The British trial and investigation of the abortive El Al bombing exposed the direct involvement of President Assad's intelligence services. And the trial concerning the bombing of the German-Arab Friendship Union in West Berlin revealed the involvement of Syrian officials. To a large degree, Syria had been successful in covering its tracks. Now, however, in Britain and Berlin, evidence of more direct Syrian involvement has emerged.

London and Berlin Investigations

In the British investigation of the aborted El Al attack, Hindawi told British police he was recruited by Haitham Said, an aide to Major General al-Khuli, chief of Syrian Air Force intelligence. According to the evidence presented at the trial, al-Khuli's operatives: (1) supplied Hindawi, a Jordanian, with a Syrian passport; (2) gave him \$12,000 and promised him more money when he completed his mission to plant a bomb aboard an El Al civilian airliner; (3) provided him with the bomb which was carried into London aboard the Syrian Arab Airlines, which also gave him SAA crew member hotel accommodations; and (4) trained him in the bomb's use.

Hindawi tried to use his pregnant girlfriend as the unwitting carrier of the sophisticated bomb which was built into her carry-on bag. If an alert security official had not spotted the device after her bag cleared an earlier check, 375 innocent persons, including some 230 Americans, would have perished.

After the April 17 plan failed, according to evidence presented at the trial, Hindawi followed instructions to go to the Syrian Embassy, where he was greeted by the ambassador and hidden in a Syrian safehouse in London. British press reports of the investigation say Britain also has evidence that the Syrian Ambassador in London was personally

TERRORISM

involved several months before the attempted bombing in recruiting Hindawi for Syrian intelligence.

In West Berlin, Hindawi's brother, Ahmad Hasi, and another Arab, Farouk Salameh, were convicted for the March 29 bombing of the German-Arab Friendship Union in West Berlin in which 11 persons were injured. In a sworn statement, Hasi said he picked up this bomb at the Syrian Embassy in East Berlin from a senior Syrian Air Force intelligence officer, Haitham Said, and a Syrian explosives expert was sent from Damascus to repair the device after it twice failed to explode.

Abu Nidal

Syria continues to support the most active and brutal international terrorist group operating today, Abu Nidal.² Although Abu Nidal now also receives backing and support from Libya and sanctuary in Eastern Europe, Damascus had provided Abu Nidal with important logistical support ever since the group moved from Iraq in 1983. Syria allows Abu Nidal's group to maintain training camps in the Lebanese Bekaa Valley, an area under the control of the Syrian Armed Forces. Syria provides the group with travel documents and permits its operatives to transit freely through Damascus when departing on missions. Syria continues to permit operation of Abu Nidal facilities in Damascus. (The Syrian Government asserts that the sole function of these facilities is limited to cultural and political affairs.)

Although the December 1985 attack on Rome's airport was committed under Libyan sponsorship, the surviving member of the four-man terrorist team, according to reports on the Italian investigation, told investigators the team was trained in Syrian-occupied areas of Lebanon. The team then traveled to Damascus, where it remained while final preparations were made for the attack in which 16 civilians and 3 terrorists were killed.

In Ankara on November 6, Turkish prosecutors issued an indictment accusing six Palestinians working for the Abu Nidal organization of killing a Jordanian diplomat in July 1985. The indictment also linked the men with four other actions, including the September 6, 1986, attack on an Istanbul synagogue killing 21 persons, a 1983 attempt to place a bomb on an Alitalia flight, and the attempted car bombing of a U.S. officers' club in Izmir in 1983.

The Abu Nidal organization's move to Syria in 1983 was followed by a

dramatic increase in the group's terrorist attacks: more than a dozen attacks in 1984 and twice that number in 1985. More than half of the 1985 attacks occurred in Western Europe, including attacks on British tourists at hotels in Athens. When King Hussein launched his February 1985 peace initiative, Jordan became a major target. But when Jordanian-Syrian relations began to warm in mid-1985, attacks on Jordanians at home and abroad diminished.

In its dealings with Western countries, Syria has consistently tried to play down the importance of its connection with Abu Nidal and has denied permitting his group to engage in terrorist activity. However, there is no evidence that Damascus has actually restrained Abu Nidal's activities (Abu Nidal training camps in the Syrian-controlled Bekaa Valley continue to operate, for example) or cut back on other forms of support. Although it may not know about every operation, given the amount and nature of Syrian support, Damascus could influence and constrain the Abu Nidal group's activities in Syria and Syrian-controlled areas of Lebanon if it chose to do so.

Other Syrian-Supported Palestinian Groups

Syria also provides varying amounts of support to other radical Palestinian groups. These include Saika, which is under total Syrian control; the Abu Musa group, now almost totally dependent on Damascus; the Popular Front for the Liberation of Palestine—General Command (PFLP-GC); and the Marxist Popular Front for the Liberation of Palestine (PFLP), which now maintains its principal base in Damascus.

In all, Syrian-sponsored groups, including the Abu Nidal organization, were linked to about 30 terrorist attacks during 1985, a quarter of them in Greece alone. The Abu Musa group announced from Damascus its responsibility for another attempt to bomb an El Al airliner, in Madrid on June 26, 1986. The suspect in that attempt has admitted being a member of the group. Two weeks later, other groups supported by Syria, the PFLP, and the Lebanese Syrian Social Nationalist Party attempted an attack on an Israeli resort town on July 10, 1986.

Support for Non-Palestinian Terrorists

In addition to the radical Palestinian groups, a variety of other terrorists have facilities and received terrorist training

in Syria or Syrian-controlled areas of Lebanon: the Japanese Red Army, the Kurdish Labor Party, the Armenian Secret Army for the Liberation of Armenia (ASALA), and the Pakistani al Zulfikar. In addition, the Lebanese Armed Revolutionary Faction (LARF) is based in the Lebanese village of Qubayyat, within the area of Syrian control in Lebanon.

To these groups must be added the individual international terrorists who frequent Damascus. Bruno Breguet, an associate of Carlos, the international terrorist, was arrested in Paris in February 1982 for transporting arms and explosives. Later released, he was recently sighted on a flight to Damascus, met on arrival by Syrian authorities, and escorted through the airport without having to pass through the normal controls. Evidence exists that Frederic Oriach, a militant member of the French *Action Directe*, spent July and August 1986 in Damascus pursuing ideological and military studies.

Casualties and Control

Attacks by Syrian-supported groups since 1983 have killed or wounded nearly 500 people.

Syrian-supported groups have attacked U.S. facilities in the Middle East over 10 times since 1983. In Jordan in 1985, for example, the Syrian-sponsored Jordanian People's Revolutionary Party attempted two anti-U.S. attacks. Bombs were found at the home of an employee of the U.S. Agency for International Development (AID) and at the American Center for Oriental Studies. These operations, as well as others aimed against Jordanian targets, have halted since the Syrian-Jordanian rapprochement late in 1985—under-scoring Syria's ability, if it wishes, to control its surrogates' activities and to severely curb the capability of those to whom it provided safe haven and support.

This has been acknowledged by a top Syrian official who tried to dismiss, in a *Washington Post* press interview in September 1986, evidence that Abu Nidal's group was involved in terrorist attacks. Syrian Foreign Minister Farouk Charaa said in discussing the actions of the Abu Nidal group: "Whoever knows my government must realize that such attacks could not be carried out without its awareness."

CHRONOLOGY

1986

November 26: West Berlin. A court convicted two Arabs for the March 29 bombing of the German-Arab Friendship Union which injured 11 persons. In a sworn statement, one of the defendants, Ahmad Hasi, said he picked up the bomb at the Syrian Embassy in East Berlin from a Syrian Air Force intelligence officer. Hasi is a brother of Nizar Hindawi, who was convicted in a British court for the attempted bombing of an El Al airliner.

November 6: Turkey. Turkish prosecutors issued an indictment accusing six Palestinians working for the Abu Nidal organization of killing a Jordanian diplomat in July 1985. An arrest warrant also was issued for the Syrian Embassy Second Secretary, Mohammed Darwichi, who was one of the original defendants and left Turkey. The indictment also linked members of the group with four other actions: the September 6, 1986, attack on an Istanbul synagogue which killed 22 persons; an attempt to place a bomb on an Alitalia flight in 1983; the attempted car bombing of a U.S. officers' club in Izmir in 1983; and the killing of a Palestinian student in Ankara in 1982.

June 26: Madrid. A Spaniard attempted to board an El Al flight with a suitcase bomb, apparently without knowing it. The suspect arrested by Spanish police carried a Syrian passport. A spokesman for the Abu Musa group, which is almost totally dependent on Damascus, claimed responsibility for planting the bomb, although the Syrian Government denied involvement.

April 17: London. El Al security discovered a Syrian-made bomb in the luggage of an Irish woman as she attempted to board a plane for Tel Aviv. A British court found her boyfriend, Nizar Hindawi, guilty of the attempted bombing, and the British Government announced that it had conclusive evidence of Syrian official involvement in the terrorist act.

March 2: West Bank. Two gunmen assassinated the Mayor of Nablus, Zafer al Masri, a Palestinian appointed by Israel. Both the Abu Nidal group and the Popular Front for Liberation of Palestine (PFLP) claimed responsibility.

1985

December 27: Rome and Vienna. Abu Nidal terrorists simultaneously attacked El Al ticket counters in the Rome and

Vienna airports, killing more than 20 people, including five Americans, and wounding some 120 others. (Although these attacks were committed under Libyan sponsorship, reports on the Italian investigation indicate that the Rome terrorist team received training in Syrian-controlled areas of Lebanon and passed through Damascus.)

September 30: Netherlands. A small bomb damaged the El Al office of Amsterdam. Fatah Revolutionary Council—the Abu Nidal group's official name—claimed responsibility.

September 25: Italy. A bomb exploded in a British Airways office in Rome, injuring 15 people. Police arrested Hassan Itab fleeing the scene. Itab claimed he was a member of the Revolutionary Organization of Socialist Moslems, an Abu Nidal "cover" name, and was later identified by witnesses as the same man who threw a grenade at the Jordanian airline office in Athens on March 21.

September 18: Greece. Michel Nimri, a Jordanian magazine publisher and reportedly a personal friend of Yasir Arafat, was assassinated in Athens. Black September, a name used by the Abu Nidal group, claimed responsibility the next day.

September 16: Italy. A grenade attack on a Rome sidewalk cafe injured 38 tourists, including nine Americans. Police arrested a Palestinian in connection with the attack. The Revolutionary Organization of Socialist Moslems, another Syrian-linked group, claimed responsibility on September 19.

September 3: Greece. Terrorists threw hand grenades that wounded 19 British tourists at the Glyfada Hotel in Athens. Black September claimed the attack was to pressure the Greek authorities to release a man arrested near the Jordanian Embassy on August 31.

August 8: Greece. A bomb exploded in the kitchen of the London Hotel in Athens, injuring 13 people—nine of them British subjects. The Revolutionary Organization of Socialist Moslems claimed responsibility, contending the hotel was a "hideout" for British spies.

July 24: Turkey. The First Secretary at the Jordanian Embassy in Ankara was assassinated by a lone gunman. The incident was claimed by Black September.

July 11: Kuwait. Two bombs exploded within minutes of each other killing 8 people and injuring 89 in two cafes about 10 kilometers apart. The Arab Revolutionary Brigades claimed responsibility.

July 1: Spain. A bomb exploded at the British Airways ticket office in Madrid, also damaging the TWA office upstairs. The ALIA Royal Jordanian Airlines ticket office nearby was hit by automatic weapons fire and two grenades that failed to explode. One person was killed, and 27 were wounded. Claimed by Organization of the Oppressed, Revolutionary Organization of Socialist Moslems, and Black September.

April 4: Greece. A rocket was fired at a Jordanian airliner as it was taking off from Athens airport. The projectile hit the plane but did not explode. Black September claimed responsibility.

April 3: Italy. A rocket narrowly missed the Jordanian Embassy on the fifth floor of an office building in Rome. No casualties were reported. Black September claimed responsibility.

March 21: Italy. Three unidentified men threw hand grenades into a Jordanian airline office in Rome, injuring two people. Black September claimed responsibility.

March 21: Greece. An unidentified man threw a hand grenade into the Jordanian airline office in Athens, injuring three people. Claimed by Black September. (See September 25, 1985, incident.)

March 21: Cyprus. An unidentified man threw two hand grenades into the Jordanian airline office in Nicosia. Claimed by Black September.

March 9: United Arab Emirates. A bomb was found on a Jordanian airliner. The young Palestinian who carried the bomb onto the Karachi-to-Amman flight said he thought he was transporting drugs to support Abu Nidal terrorist operations.

February 22: Jordan. The Jordanian People's Revolutionary Party placed a bomb at the American Center for Oriental Research in Amman. The bomb was found and defused.

January 10: Jordan. A bomb planted by the Jordanian People's Revolutionary Party was defused near an AID employee's home. The explosives had neither a power source nor a timing device.

1984

December 29: Jordan. Two unidentified gunmen assassinated Fah al-Qawasmeh, a member of the PLO Executive Committee and former mayor of Hebron, outside his home in Amman. Two witnesses to the shooting were injured by gunfire as they tried to block the assassins' fleeing vehicle. Black September claimed responsibility.

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December 14: Italy. Ismail Darwish, a leading military figure in the Fatah movement, was gunned down on a Rome street by an unidentified man who fled on a waiting motor scooter. Arab Revolutionary Brigades claimed responsibility.

December 4: Romania. The Deputy Chief of Mission of the Jordanian Embassy was shot and killed as he was getting into his car in Bucharest. Black September claimed responsibility.

December 2: Jordan. A guard discovered a bomb concealed in an attache case inside the American Life Insurance and Citibank building in Amman. Bomb technicians defused the device, which contained 18 blocks of TNT and a timer. The Jordanian People's Revolutionary Party was later determined to be responsible.

October 4: Cyprus. A car bomb exploded behind the Israeli Embassy in Nicosia, slightly injuring one person. Claimed by Abu Musa's Fatah dissident organization.

August 13: Jordan. Jordanian police defused a bomb consisting of several hundred grams of Soviet-made explosives near the residence of a U.S. Embassy official. The Jordanian People's Revolutionary Party was later determined to be responsible.

August 11: Jordan. Members of the Jordanian People's Revolutionary Party tried to set off a bomb outside the Jordanian radio and television station. The bomb was discovered and defused.

August 3: Jordan. A bomb exploded under a water truck parked near the U.S. Embassy warehouse in Amman. There were no casualties and only minor damage. The Abu Nidal group claimed responsibility.

May 29: Cyprus. A former Saiqa officer who had switched his allegiance to Arafat, Abdullah Ahmad Suleiman el Saadi, was murdered in Limassol. Four Syrian men and two women were arrested for the murder and subsequently deported from Cyprus.

May 3: Cyprus. An unidentified man shot and killed Palestinian publisher Hanna Muqbil and wounded his secretary in Nicosia. Muqbil was reportedly a former member of Abu Nidal who had defected to Arafat's camp.

March 24: Jordan. A bomb was defused outside the British Consulate in Amman. The Abu Nidal group claimed responsibility.

March 24: Jordan. A bomb was discovered and defused outside the British cultural center. The Abu Nidal group claimed responsibility.

March 24: Jordan. A bomb exploded in the parking lot of the Intercontinental Hotel, which is across the street from the U.S. Embassy, damaging two vehicles and slightly injuring an AID employee and his daughter. A second bomb was discovered in the parking lot and defused. The Abu Nidal group claimed responsibility.

1983

December 29: Spain. Two Jordanian Embassy employees were attacked by a lone gunman as they were leaving the embassy. Walid Jamal Balkis was killed instantly and Ibrahim Sami Mohammed was seriously wounded. The Arab Revolutionary Brigades claimed responsibility.

December 19: Turkey. A car bomb was discovered in an abandoned rental car midway between the French Cultural House and the Cordon Hotel used by American military personnel in Izmir. The bomb's timer apparently malfunctioned. Turkish police linked the Abu Nidal group and Syrian agents to the incident.

November 7: Greece. Two security guards of the Jordanian Embassy were wounded on a crowded street in Athens. One of the two victims died from his wounds. The Arab Revolutionary Brigades claimed responsibility.

October 26: Italy. The Jordanian Ambassador to the Vatican and his driver were wounded in an assassination attempt in Rome. The Arab Revolutionary Brigades claimed responsibility.

October 25: India. The Jordanian Ambassador was wounded by an unknown assailant in New Delhi. Claimed by the Arab Revolutionary Brigades.

October 13: Jordan. Two hand grenades were thrown into a police barracks in Amman. A member of the police recruited by Saiqa confessed to the attack. Local authorities suspected that Abu Nidal elements may also have been involved.

August 21: Greece. A high-level PLO official, Ma'mum Muraysh, was shot and killed by two unidentified men on a motorcycle. The victim's son and his driver were wounded. The Movement for Rebuilding Fatah claimed responsibility.

April 10: Portugal. The PLO observer to an international conference of socialists, Isam al-Sartawi, was shot to death in a hotel lobby. Sartawi's secretary was slightly wounded in the attack. The Abu Nidal group claimed responsibility.

January 1: Israel. A grenade attack on a civilian bus in Tel Aviv injured 12. Both Saiqa and Abu Nidal claimed responsibility.

¹Countries currently on the list are Syria, Libya, Iran, South Yemen, and Cuba.

²The official name of the Abu Nidal organization is "Fatah Revolutionary Council." It is headed by Sabri al-Banna, a Palestinian who uses the *nom de guerre* Abu Nidal. The group's original name was the Black June Organization when it was formed in 1976. Ironically, this group first concentrated on Syrian targets, including an attack on Syrian Foreign Minister Khaddam (now Vice President) in 1977. ■

UN Administration and Finances

by Vernon A. Walters

Statement in a plenary session of the UN General Assembly on October 15, 1986. Ambassador Walters is U.S. Permanent Representative to the United Nations.¹

The United Nations is at a critical juncture. It is facing a crisis of reform, the root causes of which are political and bureaucratic. We have made clear that U.S. concern about the United Nations and resulting criticisms of some of its actions reflect our deep-seated attachment to the ideals of the organization. The founders of the United Nations foresaw a true international community in which governments would join together to serve the rights, needs, and aspirations of their people. There must be no doubt that the United States remains committed to the original goals and ideals of the United Nations.

During this 41st session of the General Assembly, we member states of the United Nations have the unique opportunity to contribute to the founders' dream. President Reagan said in his September 22nd speech that if we at this session of the General Assembly can take advantage of this opportunity and achieve the reforms required, the United States, "which has always given the United Nations generous support, will continue to play a leading role in the effort to achieve its noble purposes."

This reform crisis was uppermost in the minds of member states last year when the General Assembly adopted, without a vote, the resolution which established the Group of 18 to review the efficiency of the administrative and financial functioning of the United Nations. The group's report and its recommendations represent the culmination of a year of extensive discussion and consideration of alternatives, in order to work out a common position on what needs to be done to revitalize the United Nations.

Like other member states, the United States entered this search for reform with major objectives in mind. Most clearly, our domestic law called for voting rights on budgetary matters proportionate to member states' contributions to correct the current gross imbalance between those who dominate the decisionmaking process in determining budget levels and program priorities and those who bear the heaviest financial responsibility for the organization. We wanted a means to instill control and

discipline in the General Assembly's practice of approving unending add-ons to the budget, which denigrates the role of the Secretary General and makes a mockery of the overall program planning and budgeting process. We wanted major staff reductions to eliminate waste and ensure a reordering of priorities within the organization. These we believe are required to achieve efficiency and effectiveness. We wanted a major streamlining and simplification of the Secretariat structure in order to overcome duplication and fragmentation of effort.

It is both a tribute to the spirit of cooperation that prevailed in the Group of 18 and an indication of the obvious nature of the problems confronting the organization that the group was able to agree on so many specific recommendations for change. These recommendations cover all major aspects of the UN work and structure: the intergovernmental bodies; the Secretariat; the conditions of employment of the staff; and the means of evaluating the organization's programs. They reflect the widespread belief among member states that this house can and should be run more efficiently and economically.

In so wide a variety of recommendations, it is inevitable that some will be more significant than others, and some will be very general while others will be quite specific. It is also inevitable that individual delegations will support some recommendations more enthusiastically than others. This was the case within the Group of 18 and will be no less the case here in the General Assembly.

In the same way that the members of the group were able to put aside their individual preferences and lend their endorsement to the full range of proposals in the interest of improving the functioning of the United Nations, the United States believes that member states must put aside their differences on minor aspects of the recommendations in the first five chapters of the report and concentrate on implementing them in the most effective manner. The agreed recommendations of the G-18 would eliminate a great deal of the waste, mismanagement, and irresponsibility which now drain so much of the UN's limited resources and erode donor confidence in the institution. Of critical importance to us among the agreed recommendations is the call for staff reductions. We believe still greater reductions would have better assured the necessary reordering of program

priorities, but we can accept the reductions recommended by the G-18 as a good start.

Unfortunately, the Group of 18 could not reach agreement on the recommendations in Chapter 6 on the program and budget decisionmaking process. The recommendations in this chapter are at the heart of the reform effort. Indeed, it is these recommendations which are required to assure the fulfillment and long-term effectiveness of those recommendations upon which the Group of 18 was able to reach agreement. If we are to find a solution to the key question of the program budget procedures, we must first understand clearly the different viewpoints and the reasons they exist.

For a number of years, the member states which contribute the bulk of the organization's budget have, as the Secretary General has pointed out, opposed or abstained on the votes approving the biennial budgets. There is a belief among these member states that the majority has not adequately considered their views when deciding how much the organization should spend and on what it should be spent. On the other hand, there is concern among a number of member states that a new decision process which requires agreement by all member states could bring the operation of the United Nations to a standstill. In plain terms, there is a lack of understanding and a lack of confidence among different groups of member states concerning the motives of other groups. It is my view that the United Nations cannot continue to function in this fashion. Rather, we must seek a solution in which the interests of *all* member states can be protected.

It is my delegation's strong belief that the solution lies in establishing a process that will include agreement on the level and content of the organization's program budget at the very beginning of the cycle and an ability on the part of member states to ensure that this agreement has been taken into account in the budget. We recall that both of the committees currently involved in the program budget process—the Committee for Program and Coordination and the Advisory Committee on Administrative and Budgetary Questions—have traditionally taken their decisions by consensus, and we believe that consensus decisionmaking is the only appropriate approach to the key decisions to be entrusted to the new mechanism.

The United States supports, at an absolute minimum, the establishment of a program and budget decisionmaking

mechanism which would operate on the basis of consensus in establishing both an agreed budget level and clear-cut priorities for the organization within that level. The United States is prepared, in the spirit of compromise, to accept the chairman's version of Chapter 6, since it does establish such a program and budget committee based on consensus. There should, however, be no misunderstanding on this point by the membership. Chairman Vraalsen's proposal represents a major compromise for the United States, as it does for other member states. We are reassured to see that support for the chairman's version of Chapter 6 reaches well beyond the usual North-South division on such issues.

In my time at the United Nations, I have found that this organization of member states is also an organization of individuals—of delegates and Secretariat personnel. We have the ability to discuss issues of great importance and complexity with one another. We are facing now a set of critical decisions at a critical time in the life of the United Nations. It will take all our political and technical skills and abilities to find the solution, but I believe the solution is there if we are willing to work for it.

If the agreed recommendations of the G-18 report are enacted hand-in-hand with the establishment of a program and budget decisionmaking mechanism operating on the basis of consensus, the organization's ability to live up to the goals in the Charter—to fulfill the hopes of the peoples of the United Nations, particularly the poorest and most defenseless—will be measurably increased. We must not sacrifice the possibilities of the future to the narrow, vested interests of the moment. What some fear as an instance of threatening change, we can and must convert into a period of practical improvement and structural renovation. What some see only as a time of crisis, we can and must make into an era of renewal. Our efforts at promoting reform are devoted to restoring and strengthening the important contributions that the United Nations has to make to international peace, freedom, and progress. The question before us, therefore, is how at this session to convert into action our commitment to reform.

¹USUN press release 112. ■

Visit of Haiti President Namphy



(White House photo by Terry Arthur)

President Henri Namphy of the Republic of Haiti made a private visit to the United States November 20-22, 1986, to meet with President Reagan and other government officials.

Following is the White House statement on the two Presidents' meeting of November 21.¹

The President today met with Henri Namphy, President of the National Council of the Government of Haiti, in the Oval Office. President Namphy later met with Vice President Bush.

The President discussed the political and economic situation in Haiti with General Namphy, devoting particular attention to the increased U.S. assistance program, the need to develop the Haitian private sector through foreign investment, the protection of individual rights and freedoms, and the long-term development needs of Haiti in the areas of education and literacy, health, agriculture, and environment.

President Reagan expressed his firm support for General Namphy's efforts to build democratic institutions and achieve the goal of a working democracy over the next 15 months.

In connection with General Namphy's visit, the U.S. and Haitian Governments have agreed to launch a major

training initiative for Haiti. The Training for Development Project will make available \$10 million over the next 5 years for training educational institutions of over 100 Haitian technicians, administrators, medical personnel, and business professionals in America.

The total U.S. aid package was also discussed by the two leaders. Haiti is one of the very few countries where, despite an overall reduction in U.S. assistance levels this year, U.S. aid will increase—an increase of 25% to just over \$100 million. The U.S. Government is also working with other international donors and with the private sector to assure adequate, overall external support for Haiti's democratization process.

During his visit to Washington General Namphy also had meetings with Secretary of State George Schultz and AID [Agency for International Development] Administrator Peter McPherson.

President Namphy described the progress achieved so far in implementing the 2-year political calendar that calls for a referendum on a new constitution in February 1987; local, legislative, and presidential elections during 1987; and the inauguration of a duly elected president in February 1988.

¹Text from Weekly Compilation of Presidential Documents of Nov. 24, 1986. ■

Expanding Freedom: A Formula for Growth in the Americas

Following are the texts of an address by Elliott Abrams, Assistant Secretary for Inter-American Affairs, before the Association of American Chambers of Commerce in Latin America in Rio de Janeiro, Brazil, on October 30, 1986, and of a paper by Paul D. Taylor, Deputy Assistant Secretary for Inter-American Affairs, that was presented to the Conference on the Political Implications of the Latin American Foreign Debt organized by the Institute for European-Latin American Relations and the Corporación de Investigaciones Económicas para Latinoamérica in Madrid, Spain, on December 2, 1986.

ADDRESS BY MR. ABRAMS, OCT. 30, 1986

I believe it is especially appropriate for me to be speaking today in Brazil, because my theme of political and economic change sweeping Latin America is nowhere more vividly illustrated.

Political and Economic Change in the 1980s

The 1980s have been a period of profound change in the Western Hemisphere. A moral and intellectual revolution is underway throughout the Americas. Little by little, country by country, we are in the process of redefining the role of the state in order to increase both political and economic freedom.

The revolution has been most evident in the political sphere. Since 1979, dictatorships or military regimes have relinquished power to democratically elected governments in Ecuador, Peru, Bolivia, Argentina, Brazil, and Uruguay in South America and in El Salvador, Grenada, Guatemala, and Honduras in the Caribbean Basin. Today, 91% of the population of Latin America live under democratic regimes.

The revolution may be less evident in the economic changes that have taken place, but it is no less palpable. In the United States, tax reduction and deregulation have increased economic freedom, and this has contributed to the longest period of growth since the end of the Second World War.

At the same time, Latin America is undertaking the first steps of what we hope may become a transition from state-dominated economic systems to more market-oriented economies. There are many examples of this idea:

- Mexico sold or closed 23 public sector enterprises in recent months;
- Argentina signed the first contracts under its program to open up its energy sector to exploration by foreign investors; and
- Chile is working to solve the problem of debt by encouraging foreign private investment and debt/equity swaps.

This redefinition of the economy is overcoming statist stagnation and mobilizing resources for vibrant growth and development.

Political Transformation

Let me start with the political transformation of Latin America.

The state must have enough power to govern, but it also must be restrained enough to maintain individual freedom. The search for the appropriate balance has preoccupied thinkers from Aristotle to the authors of the *Federalist Papers*.

In the United States, it is axiomatic that the power of the state often works against the freedom of the individual. Opposition to government abuse has been a key element running through U.S. politics from our rebellion against the British to Watergate.

In Latin America, in contrast to our own traditions, from the days of the hierarchical Indian societies, which were replaced by a similarly hierarchical colonial system, the people have looked to the state for the care of the individual. The state has been the means to assert public standards of conduct and morality over private interests.

We in the United States have placed our faith in the individual and structured our political systems to maximize personal freedom. Latin Americans have been influenced by a history fraught with instability and political upheaval. This has reinforced the colonial inheritance of centralized systems which are aimed at protecting the individual from the hazards of political chaos. Thus the state has come to have a much larger

role in society than can be justified by the demands of efficiency, equity, or democracy today. And many Latin Americans are recognizing this.

Economic Transition

There is a similar, although less obvious, transformation occurring in the economies of the hemisphere. The state must be large enough to create the conditions for economic prosperity to benefit all its citizens. But if the state becomes too large and unwieldy, it can stifle individual initiative and growth.

More must be done to reduce the role of the state and free up Latin American economies. This means substantial deregulation, reduction of state involvement in production of goods and services, and, more broadly, a change in the perception of the role of the state. Rather than serving as the direct guarantor of social welfare, the state must act to create an environment conducive to economic growth.

In the last 2 years, Latin American governments have taken steps away from the excessive statism, market intervention, and import substitution economic models they have relied upon for decades. The debt crisis has forced governments to the realization that it is impossible to sustain double-digit fiscal deficits through excessive borrowing.

The debt crisis, as difficult as it has been, has served as the impetus for change, as an incentive to adopt better economic policies. Today, in contrast to the latter part of the 1970s and even the early part of the 1980s, more realistic exchange rates prevail, current accounts are in better balance, and unsupportable fiscal deficits are being reduced. The long-term objective should be truly free markets—with the state protecting no special interests but, instead, promoting free markets as mechanisms for gaining and protecting the individual's autonomy.

Often Latin American clerics or intellectuals say to me, "We reject capitalism." My reply is, you have never seen capitalism. You have seen a kind of interlocking directorate of politicians, regulators, bureaucrats, and businessmen controlling an economy, serving a wide variety of special interests, and restraining growth and competition. Their power grows, and their wealth may grow, but that is not the free market, and it is a system ultimately incapable of using resources with maximum efficiency, creating opportunity, and spreading the benefits of growth to all the people. Free markets protect no

vested interests, as our own deregulation process in the United States has proved, but they offer fairness, opportunity, and growth for Latin Americans who today see a bleak economic future. To Latin Americans who seek radical solutions to their economic problems, I have one to offer—the most radical: not more regulation or more state control, which are not radical but traditional in Latin America, but less. Let political freedom nurture and be nurtured by economic freedom. If a citizen can freely choose his president, let him freely choose his medicine or his car. As millions of men and women around the world have seen, a free economy can defeat misery, and it can grow. And surely growth is the goal on which we can all agree.

U.S. Policies To Encourage and Support Economic Reform

U.S. policy initiatives have encouraged reforms which promote greater economic freedom. When we met in Caracas last year, I described U.S. policy for dealing with debt-related problems, the Program for Sustained Growth. On September 8 of this year, Mexico reached agreement in principle with the International Monetary Fund (IMF) on a program that fits within the context of this program.

The newly concluded Mexican financial package includes the three key elements of the Program for Sustained Growth.

First, new policies to promote growth;

Second, new international credit led by the IMF and the World Bank; and

Third, net new credit from the commercial banks over the next 3 years.

Mexico's proposed structural reforms will make the Mexican economy more efficient and competitive. They combine fiscal measures to reduce the public sector deficit and a commitment to conduct prudent monetary and foreign exchange rate policy with external financing to support Mexico as it undergoes structural change.

Substantial progress has been made under the strengthened debt strategy in the last year. The Mexican package, despite its prominence, is not the only example of a debtor country undergoing significant adjustment.

- Efforts to reduce inflation are underway in Argentina, Bolivia, and here in Brazil.

- Argentina, Chile, and Ecuador are seeking to turn more public sector enterprises over to private sector ownership and management.

- Argentina and Colombia have liberalized their import regimes.

- Colombia and Ecuador have taken significant steps to increase the market orientation of their economies by reducing government interference in many markets.

These are promising beginnings, but policy reform does not take place in a vacuum. The United States is working with other creditor countries as well as with debtor countries to improve international conditions which will offer support for the reforms.

- We have cooperated to realign exchange rates to more accurately reflect underlying economic conditions. The decline in international interest rates has provided substantial debt relief.

- We met with other nations in Punta del Este in September to launch the Uruguay Round of multilateral trade negotiations. We agreed there to work with others to "halt and reverse protectionism" and to develop a more open multilateral trading system so as to promote growth and development.

- We also met with many countries at the IMF/World Bank annual meetings in September. We support the international financial institutions in their efforts to encourage economic reform.

The IMF continues to play a central role in managing debt problems. When the programs that are now under discussion are completed, the IMF will have standby programs or enhanced surveillance arrangements in place with 13 of the 15 major debtors. The IMF and World Bank are cooperating closely in assisting the major debtors to formulate growth-oriented adjustment programs within a consistent framework.

The World Bank is playing an increasingly important role through emphasis on fast-disbursing loans tied to adjustment of economic policies as well as traditional sectoral loans. This is a major reorientation for the Bank's lending program.

The Bank negotiated new policy-based (structural or sectoral) loans for 8 of the 15 major debtors.

The Caribbean Basin Initiative

The United States also has special initiatives underway which will provide greater economic latitude to the private sector in specific regions.

One element in our broad-scale effort to promote the private sector is the Caribbean Basin Initiative (CBI). The centerpiece of the program is preferential duty-free entry for virtually all products imported by the United States from the region. This can be a powerful incentive for growth and job creation in the CBI countries, but it depends, of course, on the ability and willingness of the private sector in the countries to fully exploit these new opportunities.

The U.S. Government also seeks to encourage UN bodies, especially economic and developmental organizations, to avail themselves of the wisdom and experience of key private sector organizations. One of the United Nations' key developmental organizations is the Economic Commission for Latin America and the Caribbean (ECLAC). ECLAC plays a significant role in formulating and articulating economic and development policy for its Latin American members.

This past week my colleagues in the Department of State have been discussing with ECLAC, as well as with Chamber representatives, the possibility of a program of ongoing consultations and cooperation between both organizations. In effect, we would like to see ECLAC draw on the experience and counsel of our members when formulating its developmental strategy. We hope you will endorse this effort and encourage your members and offices to take advantage of every possible opportunity to work with ECLAC in this endeavor.

Conclusion

As business persons in Latin America, you live and work in a moment of change and progress. The all too often stifling hand of the state is being lifted in country after country—slowly, sometimes much too slowly, but perceptibly. Free elections, press freedom, and free speech are being followed by debate and action about economic freedom as well. If the trends continue—if the economies are freed to grow and if the enemies of political and economic freedom can be vanquished—the interests of all our peoples will be served.

Let me close by stressing that point: "all our peoples." A truly free economy provides no favoritism, no elitism, and no protectionism. It offers incentive, mobility, and opportunity. It will produce wealth spread among the many, not captured by the few. A truly free economy helps build, and helps preserve, a free and open society. And free and

open societies are the goal which all of us who live in the Americas share and want to pass on to our children.

PAPER PRESENTED BY
MR. TAYLOR,
DEC. 2, 1986

Causes of the Debt Crisis

The Latin American debt crisis came to public attention in August 1982 with Mexico's dramatic announcement that it was unable to meet its international financial obligations. While substantial individual differences among the various countries make it difficult to generalize about the causes of the debt crisis, it is clear that the crisis resulted in large part from the pursuit of inappropriate economic policies by many developing countries despite changing international circumstances. Overvalued exchange rates that undermined international competitiveness and monetization of unsupportable fiscal deficits were major factors contributing to the region's economic and financial problems.

When the industrialized countries took steps to adjust their economies to higher oil prices and inflation, worldwide economic activity contracted. Interest rates soared, and prices in world commodity markets turned downward. Many developing countries—caught by falling export revenues and rising debt service obligations—were forced to make difficult choices in their overall economic policies or face destabilizing social and political changes.

Virtually every country in Latin America reacted to the debt crisis by adjusting its domestic economy. Latin American governments cooperated with the IMF and official and private creditors to develop economic programs appropriate to changing international circumstances. Some potential negative consequences of the crisis were averted. The international financial system was not disrupted.

These efforts did not prevent the global recession from deepening throughout the region. Living standards fell to the levels that had prevailed in the middle 1970s. Declining international commodity prices and, in 1986 especially, the drastic decline in oil prices have adversely affected producing countries, with potentially destabilizing effects. At the same time, an unprecedented wave of democratic success has highlighted our stake in the economic viability of Latin America. Growth has

become imperative not only to facilitate debt service but, as importantly, to enhance the well-being of Latin American populations which have suffered declines in living standards from the levels of the early 1980s.

The International Debt Strategy

The United States and other creditor countries share with the debtor countries an interest in resolution of their economic problems. The debt problem has, in fact, had one salutary effect in underscoring the interdependence of the United States and Latin America. The U.S. strategy for dealing with the debt crisis has been coordinated with other industrial countries since 1983. That strategy, based on a case-by-case approach, emphasizes the need for economic adjustment in the debtor countries supported by the international financial institutions, especially the IMF. Adjustment also has been supported by private commercial banks and creditor governments. Progress toward economic stabilization has been aided by worldwide economic recovery with markets which have remained generally open despite strong protectionist pressures.

At the 1985 annual meetings of the IMF and World Bank in Seoul, Korea, Treasury Secretary [James A.] Baker proposed a new initiative, the Program for Sustained Growth, that builds upon and strengthens the previous strategy. The U.S. debt initiative contains three essential and mutually reinforcing elements:

First, adoption of growth-oriented macroeconomic and structural reforms by the debtor countries;

Second, a continued central role for the IMF in conjunction with an increase in structural development loans by the World Bank to support policy reform; and

Third, when the first and second elements are in place, new lending by the commercial banks to support the reforms and provide the basis for long-term growth.

At the heart of the debt strategy is a new emphasis on growth within the debtor countries as a prerequisite to reducing debt burdens over time. This approach has received the strong support of the international community and was recently reaffirmed by the IMF Interim Committee and IMF/World Bank Development Committee at their meetings in September.

Although the net new lending in the strengthened debt strategy may be

Foreign Debt in Latin America, 1985

Country	Foreign Debt in Billions of Dollars	Interest Payments on the Foreign Debt as a Percentage of Export Earnings
Argentina	50.0	54.5
Bolivia	3.2	60.0
Brazil	101.9	43.5
Colombia	13.4	23.0
Chile	19.6	46.5
Ecuador	7.3	24.5
El Salvador	2.1	14.0
Guatemala	2.5	11.5
Honduras	2.5	17.0
Mexico	97.7	37.0
Nicaragua	4.4	17.0
Panama	5.1	—
Paraguay	1.9	13.0
Peru	13.8	34.5
Uruguay	4.9	35.5
Venezuela	30.3	22.5

Source: UN Economic Commission on Latin America and the Caribbean.

moderate in comparison to the unsustainable levels reached in the period leading up to the debt crisis, we believe it can support the adoption of comprehensive growth-oriented programs by the major debtors and, therefore, provide the foundation for renewed economic growth.

Prospects for Economic Reform and Growth

The impact of the external debt on the economies of the region has been aggravated by the economic recession which began in Latin America in 1981.

Average real gross domestic product (GDP) for the entire region grew only 1% in 1981 and declined 0.9% in 1982, compared with average annual growth rates of 6% in the 1970s. It declined another 3.1% in 1983 before recovering with 3.2% growth in 1984. In 1985 growth was 3.7%. On a per capita basis, the growth rate in 1984 would be less than 1% and in 1985, 1.5%.

While the debt is a serious problem and debt service a heavy burden to the developing countries, other factors—principally inappropriate domestic economic policies—have imposed serious constraints on economic growth and development. Lack of confidence in economic policies dried up domestic savings and investment and led to huge capital flight. Total capital flight for Latin America since 1979 is conservatively estimated to have exceeded

\$100 billion. In recent years capital flight is estimated to have offset roughly half of the inflow of new loans. Adverse external economic developments aggravated the resulting deficits in the borrowing countries' balance of payments.

As economic adjustment has proceeded, it has been accompanied in Latin America by a growing recognition that private initiative and private savings and investment must be stimulated if there is to be hope for sustained growth. In the last 2 years, many Latin American governments have taken preliminary steps away from the excessive statism, market intervention, and import substitution strategies they have relied upon for decades.

The most important reasons for this shift are related to their debt situations and to the Latin Americans' acceptance of market discipline as they sought assistance to manage their debt-related problems and to stimulate their economies. The debt crisis forced governments to the realization that it has been impossible to sustain double-digit fiscal deficits through excessive borrowing. International financial institutions and U.S. policy initiatives also have encouraged these reforms.

The macroeconomic adjustments and policy reforms which have been required by the International Monetary Fund and private creditors as the price for continued financial support have been reinforced and enhanced by greatly increased structural adjustment and sectoral lending by the World Bank. With the emphasis on structural adjustment in the Program for Sustained Growth, plus a changed outlook in both the debtor countries and in the World Bank, the percentage of policy-based lending to the Latin American region jumped dramatically.

Most countries have moved to more realistic exchange rates, expanded exports, and cut inflation. Reforms in Argentina, Bolivia, and Brazil, for example, have cut inflation rates enormously. Of even greater importance for the longer term, several have begun to reduce entrenched structural barriers to growth; specifically, to take steps to reduce price controls and subsidies, to liberalize trade, to attack overregulation and excessive bureaucratic controls, and to improve the investment climate, including reducing restrictions on foreign private investment.

Several key debtor nations have recognized the heavy structural burden of inefficient and highly subsidized public enterprises. These operations siphon off crucial national savings and sharply

increase external indebtedness. Several countries have moved to transfer government-owned industries to private ownership and management. Mexico, for example, has made an important beginning in this area. In addition, Argentina, Chile, and Uruguay are seeking to turn more state enterprises over to the private sector.

Other debtor nations have understood that what is best for internal markets is best for external markets as well. If correct signals are received from free markets operating through price mechanisms, then external commerce is best regulated, not by governments but by reliance on price in liberalized trading regimes. Haiti has converted import quotas to tariffs, the Dominican Republic has eliminated many import surcharges, and Ecuador has sharply reduced duties on a wide variety of manufactured imports. The Uruguay Round of trade negotiations signifies for the United States an opportunity to eliminate or reduce trade barriers to the point where global commerce truly becomes a function of prices and markets. Mexico's recent steps to liberalize trade, which received both IMF and World Bank support, provided a sound basis for its accession to the Generalized Agreement on Tariffs and Trade (GATT).

In some important respects, Mexico's comprehensive economic reform program offers a model for similar programs in other debtor countries. Mexico's adjustment program combines structural reforms designed to make the Mexican economy more efficient and competitive, fiscal measures designed to reduce the public sector deficit, a commitment to conduct prudent monetary and foreign exchange rate policy, and external financing to support Mexico as it undergoes structural reform. The key policy reforms are designed to:

- Increase the efficiency of the public sector;
- Rationalize the price structure leading to more market-based prices;
- Reform the tax system;
- Liberalize trade and increase Mexico's export competitiveness; and
- Improve the environment for foreign direct investment.

Innovative features of the package emphasize growth. Additional financing will be made available over a limited period if oil prices fall below \$9 per barrel. The IMF has agreed to make available up to 600 million Special Drawing Rights (\$720 million) under the contingency mechanism. If real growth

falls below 3.5% in 1987, a contingency growth fund from the commercial banks of up to \$500 million will be activated. The IMF also agreed to accept a more gradual reduction in the fiscal deficit, and Mexico agreed to longer term adjustment measures.

International Efforts To Encourage Economic Growth

Since 1982, considerable progress has been made. Concerns about the international financial system have been allayed. Most of the developing countries have been able to continue servicing their external debt once adjustments were made to bring their financial obligations into line with their ability to pay. Contributing to these results has been the decline in international interest rates—a drop of more than five percentage points from the peaks registered in mid-1984. Since 1981, the London Inter-Bank Offer Rate (LIBOR) has dropped from 17% to 6%, thereby greatly reducing debt service costs. Each percentage point change in interest rates is worth an estimated net \$2 billion a year for the eight major Latin American debtors at their current levels of foreign debt.

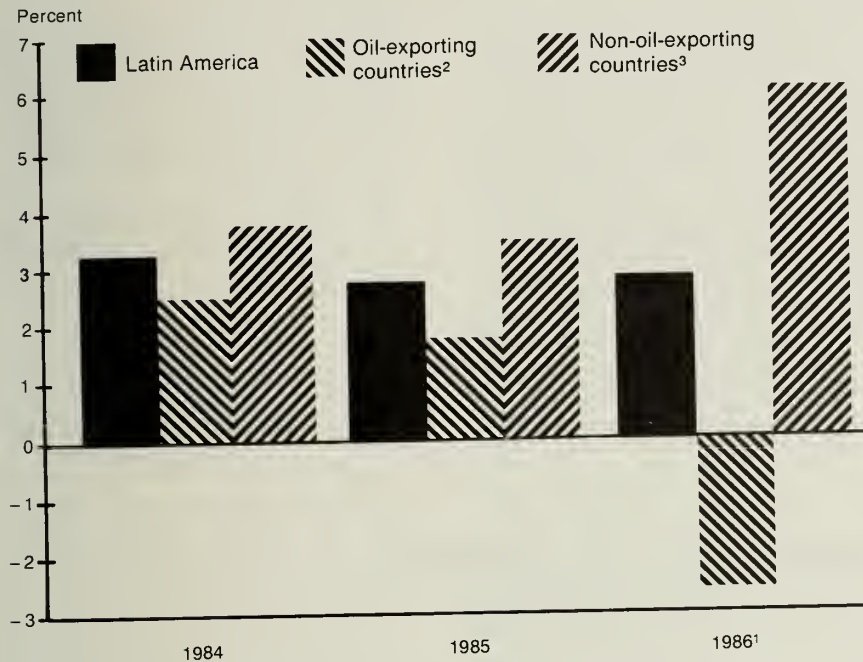
The IMF has negotiated new standby programs or letters of intent with eight of the major debtors since October 1985. Two additional programs are now under discussion with Argentina and Morocco. When these negotiations are completed, the IMF will have standby programs or enhanced surveillance arrangements in place with 13 of the 15 major debtors.

The World Bank is playing an increasingly important role in the stimulation of sustainable economic growth in the debtor countries through emphasis on policy-based, fast-disbursing structural adjustment loans and sectoral loans. The World Bank increased aggregate lending commitments to the 15 major debtors from \$4.4 to \$6.1 billion during its fiscal year which ended June 30, 1986—an increase of nearly 40%.

It also has negotiated new policy-based loans for eight of the major debtors, for a total of about \$3 billion. Discussions are now underway with 11 of these countries on additional policy-based loans for about \$5 billion. The proportion of policy-based loans also has increased and in 1986 accounted for 37% of World Bank loans to these countries. This is in contrast to 10% or 15% in the years 1982-85. The IMF and World Bank are cooperating closely in assisting the major debtors to formulate growth-

Latin America: Gross Domestic Product, 1984-86

(Average annual growth rate)



Average annual growth rate

(Percent)

	1984	1985	1986 ¹	Cumulative Variation 1981-86
Latin America	3.2	2.7	2.0 to 3.5	4.2-5.8
Oil-exporting countries ²	2.6	1.7	-3.5 to -1.5	2.0-4.0
Non-oil-exporting countries ³	3.7	3.6	5.5 to 6.5	8.5-9.5
Brazil	4.8	8.2	7.0 to 8.0	17.0-18.0
Other non-oil exporting countries	2.5	-1.5	3.5 to 5.0	-1.0-0.5

¹Preliminary estimates subject to revision. Graph based on midpoint of the range.

²Oil-exporting countries: Bolivia, Ecuador, Mexico, Peru, and Venezuela.

³Non-oil-exporting countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, and Uruguay.

Source: Based on official data from the UN Economic Commission for Latin America.

oriented adjustment programs within a consistent framework.

The commercial banks also are being called upon to do their part. Commercial banks hold two-thirds of the total Latin American debt, and more than 60% of this portion is owed to West European, Japanese, and other banks headquartered outside the United States. The U.S. Government has called on U.S. banks—holders of around 22% of the total Latin American debt—to do their part. The recent agreement on a \$7.7 billion commercial bank package for Mexico provides concrete evidence of commercial bank support for the strengthened debt strategy. It includes \$6 billion in new money and \$1.7 billion as contingency funds linked to investment and growth. The World Bank has agreed to provide cofinancing guarantees for the final year of a \$500-million commercial bank loan and \$250 million of the contingency loan.

We expect that commercial banks will begin discussions with other debtor countries once IMF/World Bank-supported reforms are underway. Negotiations on a short-term trade finance facility linked to oil exports for Ecuador were recently completed. New loans linked to World Bank cofinancing

and a rescheduling arrangement have been agreed with Uruguay. Rescheduling negotiations also are underway with Bolivia.

A number of debtor countries have adopted programs permitting foreigners or residents to convert foreign currency debt claims into equity or local currency debt investments. Debt/equity swaps have been particularly active in Chile where the government established a favorable regulatory framework for such transactions. Swaps also have begun in Mexico. Meanwhile, direct foreign investment has generally not yet recovered to the levels of the 1970s. This apparently dismal performance reflects the continuing lack of confidence in the investment environment in the region.

Trade Effects of Adjustment and the U.S. Role

Once adjustment measures, particularly realignment of overvalued exchange rates and domestic interest rates, began in 1983, many countries' balance-of-payments situations improved dramatically. The current account deficit for the region dropped from \$42.6 billion in 1981 to only \$3.1 billion in 1984. A slight increase to \$4.6 billion in the current

account deficit occurred in 1985, as export performance was not as robust. An additional increase to \$12.9 billion is expected in 1986 and 1987 as a result of increased imports not matched by export growth, especially in oil-exporting countries.

The growth of Latin America's export earnings has slowed considerably from an average annual pace of more than 18% in the 1970s to about 5% during the 1980s. Slumping international prices for agricultural products, raw materials, and fuels explain much of the decline in the growth of regional exports. The prices of all but one of Latin America's 14 principal export commodities have fallen 11% or more since the beginning of the decade.

During the first 6 months of 1986, Latin America recorded a substantial decrease in its trade surplus with the rest of the world. The primary cause of the decrease is the continuing depression of the world petroleum market which caused a severe shock to the producing countries. World prices also remain low for other traditional Latin American exports: among others, grain prices affect Argentina; copper prices, Chile; and tin, Bolivia. U.S. advocacy of outward-oriented, export-led economies

over inward-focused, import-substitution models is based on the necessity of freeing economies from overdependence on one or a few commodities. Expanded and diversified production which is competitive in world markets is the ideal way to achieve optimal use of domestic resources in an increasingly integrated world economy.

Faltering economic activity in the industrialized world also explains some of Latin America's poor export performance in the 1980s compared to the previous decade. In the 1970s aggregate OECD [Organization for Economic Cooperation and Development] growth averaged more than 3.3% a year but slowed in the 1980s to 2.3%. The United States, Japan, and, to a lesser extent, Canada recorded the highest growth rates among OECD countries in the 1980s and increased their imports from Latin American countries at a faster rate than did Western Europe.

Latin American competitiveness in West European and Japanese markets eroded because the region's currencies remained linked to the dollar which appreciated sharply. In February 1985, when it hit its peak, the value of the dollar had risen some 55% against other OECD currencies on a trade-weighted average since the beginning of the decade. Since then, the dollar has lost a little more than one-half that appreciation.

The United States increased its imports from Latin America—mostly manufactured products—by nearly 7% a year during the 1980s, a rate well in excess of annual GDP growth. Meanwhile, Latin America and the Caribbean reduced their imports from the United States by 40% from 1981 to 1983. The magnitude of the U.S. role in hemispheric current account adjustments is illustrated by the shift from a \$3-billion U.S. trade surplus in 1981 to a \$17-billion trade deficit with Latin America and the Caribbean in 1985.

In contrast, imports of Latin American goods by three major European Community countries—West Germany, France, and Italy—rose by 2% or less a year, while imports into the United Kingdom actually declined. The growth of Japan's imports of Latin American goods averaged 5.8% per year, somewhat higher than the overall OECD average annual pace of 4.8% during the period. The relatively high rate of absorption of Latin American exports by the United States reflects a high U.S. growth rate among OECD countries and maintenance of lower import barriers than most other industrialized countries.

The U.S. share of exports from Latin America and the Caribbean, traditionally large, expanded from 39% in 1981 to 49% in 1985.

Conclusion

Most countries of Latin America and the Caribbean have accomplished major adjustments in their trade accounts and in domestic policies since 1982. They are thus prepared to resume more attractive rates of growth without anticipating the social disruption of the past 5 years. According to projections by the UN Economic Commission for Latin America, the rate of economic growth in 1986 among the non-oil-exporting countries of the region will surpass the 1985 rate and be the highest registered since 1980. Moreover, the increased levels of imports being realized point the way

toward stronger recuperation and economic growth ahead.

Latin American steps toward policy reform are most encouraging. Experience all over the world shows that the surest path to economic prosperity is through free market principles and internationally competitive enterprises. Free market policies unleash the full force of human initiative, creativity, and energy. They parallel in the economic arena the advance of democracy in the political sphere.

The United States will continue to devote considerable efforts to overcome the international debt problem. We will continue to oppose protectionism and to support liberalization of trade in the newly launched round of multilateral trade negotiations. We will do our part to support the realization of sustained growth and improved standards of living for the people of Latin America. ■

Guatemala's Transition Toward Democracy

The following was prepared in the Bureau of Inter-American Affairs.

Central America's most recent transition from military to civilian rule took place on January 14, 1986, with the inauguration of Vinicio Cerezo as President of the Republic. Cerezo, the candidate of the Christian Democratic Party, is the first civilian to be elected president of Guatemala since 1966.

The transition was exemplary: three free and competitive elections between July 1984 and December 1985 led to the writing of a new constitution and the election of Cerezo. Receiving more than 1 million votes in a runoff for the presidency, Cerezo obtained two-thirds of the votes against a civilian candidate representing the center-right.

In leading Central America's newest democracy, President Cerezo and his government must now overcome a legacy of decades of officially condoned violence and guerrilla insurgency, socioeconomic ills, and estrangement from the international community.

A Tragic History. From the 1944 ouster of strongman General Jorge Ubico and the 1944-54 decade of "social revolution" to the military governments and organized guerrilla warfare that lasted from the 1960s through the first

half of the 1980s, Guatemalan life has been marked by violence against both individuals (assassinations, kidnappings, and intimidation) and society (military coups, electoral fraud, and a bloody insurgency). Major sectors of society—the military, business, political parties, labor, and Indian communities—fragmented into mutually antagonistic forces. Major social problems—skewed income and land distribution, disparities in the quality of life between Indian and non-Indian, and growing numbers of landless and jobless—have increased the intensity and human costs of the conflicts.

National Reconciliation. One of President Cerezo's fundamental concerns is to bring the Guatemalan nation back together after years of guerrilla war and polarizing violence. One of the last acts of the military government was a general amnesty for acts of political violence, including guerrilla activities, that took place between March 1982 and January 1986. Shortly after taking office, Cerezo said he would be prepared to discuss the reincorporation of guerrillas into the political life of Guatemala. Some guerrillas are evidently willing to talk, but others continue to conduct armed attacks in parts of the highlands and Peten Department.

Prospects for national reconciliation have been strengthened by improvements in the human rights situation and by the return from abroad of many Guatemalans who previously feared for their lives. The Social Democratic Party (PSD) competed openly in the elections, winning representation in the National Congress, currently led by the Christian Democratic Party of Guatemala (DCG). As in neighboring El Salvador, the political opening is producing a rejuvenation of labor and cooperative movements, the restoration of autonomy to university life, and renewed dialogue between the government and the private sector.

Human Rights. Politically motivated deaths have dropped steadily. U.S. Embassy reports show a decline in such deaths from an average of 350 per month in 1981, to under 50 in 1985, to fewer than 13 per month in the first 6 months of 1986. The number of disappearances has also dropped, from a high of 35 per month in 1984 to 8 per month during the first half of 1986. There is no indication that the Guatemalan Government is involved in current cases. In fact, there is no clearcut case of an individual being killed or kidnapped for political activities or beliefs. In his recent address to the UN General Assembly, President Cerezo stated that, under his government, "no party or popular organization can complain of repressive actions, disappearances, torture, or murder of any of its members." The OAS [Organization of American States] Human Rights Commission stated in its annual report released in late September that: "There is little doubt that during the first seven months of his [Cerezo's] administration there has been a perceptible change [*sensible cambio*] in the human rights situation."

Declines in politically related violence have not been matched by similar declines in common criminal violence. A monthly average of 150 criminally related murders, another 200 serious physical assaults and robberies, and 500 stolen cars make Guatemala one of the most violent societies in the world. Cerezo recognizes the importance of ending human rights abuses and criminal violence. The Constitution mandates the establishment of a human rights ombudsman, and the government is assigning a high priority to professionalizing the National Police. Investigative and protective capabilities are being strengthened to support the independent judicial process and to help establish confidence in the legal process after decades of extrajudicial violence.

In June 1986, President Reagan forwarded to Congress a certification on human rights and political conditions in Guatemala that recognized improvement and enabled the United States to respond favorably to a written request from President Cerezo for nonlethal military assistance, the first U.S. military aid for Guatemala since 1977.

International Activity. In October 1986, President Cerezo received promises of \$300 million or more in aid from Belgium, Spain, Germany, France, and Italy. The aid covered activities ranging from economic development to help for professionalizing the National Police. During this highly successful tour of Western Europe, and in prior visits to Mexico, Central America, Venezuela, and the United States, Cerezo found growing recognition of Guatemala's democratization process. Declaring himself a "fanatic of democracy," Cerezo advocates regular elections and has proposed the establishment of a directly elected Central American parliament. Guatemala is hosting several regional and international meetings, including functions related to the OAS, the European Community (EC), and the Contadora process, thus effectively ending Guatemala's international isolation.

Policy Initiatives. Reactivation of the Guatemalan economy, which has suf-

fered relatively little from guerrilla attacks and which has the strongest private sector in Central America, has become a top priority for the Cerezo government. In June 1986, Cerezo implemented an economic stabilization program developed through extensive dialogue with private sector representatives. Exchange rates were adjusted pending complete unification. Price stabilization measures were put into effect. Guatemala is discussing a standby program with the International Monetary Fund (IMF), which appears favorably impressed by Guatemala's economic stabilization efforts. After 5 years of economic stagnation, there is hope that inflation could slow in 1986, followed by positive economic growth in 1987. Although more time and additional measures are likely to be needed, the Cerezo government seems to be on the right track—and has the support of Guatemalan business and labor, of the international financial institutions, and of many foreign governments, including that of the United States.

Guatemala-U.S. Relations. A strong, active, and democratic Guatemala improves democratic prospects throughout Central America. Secretary of State Shultz reported to the President in July 1986 that the success of the democratic transition in

OTHER TRANSITIONS IN CENTRAL AMERICA

Three That Succeeded

Costa Rica. Since the 1948 revolution that demilitarized the country, Costa Rica has had regularly scheduled elections and peaceful transfers of power to opposition parties. The most recent election on February 2, 1986, resulted in victory for Oscar Arias of the National Liberation Party.

Honduras. Military rule ended with the election of Roberto Suazo Cordoba on November 29, 1981. Liberal Party candidate Jose Azcona's election on November 24, 1985, marked the first transfer of power between two democratically elected civilian presidents in Honduran history.

El Salvador. In 1979, a reformist coup began the transition from military rule. In 1982, a constituent assembly was elected by an overwhelming popular

turnout in the face of guerrilla violence. On May 6, 1984, Jose Napoleon Duarte, a Christian Democrat, was elected president in a hotly contested runoff election against Roberto D'Aubuisson of the National Republican Alliance.

One That Failed

Nicaragua. In July 1979, Anastasio Somoza was replaced by a coalition junta pledged to democracy. By March 1981, the last democratic junta members had been forced to resign and a Soviet-supplied military buildup had already doubled the size of Nicaragua's military. On January 2, 1984, Daniel Ortega was elected president in an election in which opposition parties were harassed and denied access to the media and campaign materials—a pattern strikingly reminiscent of the Somoza election of 1974.

GUATEMALA IN BRIEF

Population. Guatemala is Central America's most populous country, with 8.5 million inhabitants living in an area about the size of the state of Tennessee (42,000 sq. miles). Just over half of the population belong to largely non-Spanish speaking Indian communities, primarily in the country's northwest highlands.

Economy. In 1985, gross domestic product (GDP) was more than \$11 billion; per capita GDP was \$1,300; and the rate of inflation was 30%. Agriculture remains the mainstay of the economy and of exports (coffee, meat, cotton, bananas), but Guatemala has developed a light industrial capacity. International debt was \$2.6 billion in

1986, and debt service payments totaled 30% of 1985 export earnings.

Impact of Regional Problems. When President Cerezo took office, Guatemala had a negative growth rate and faced reduced demands for traditional exports and low levels of investment, tourism, and credit. At least \$1 billion in Guatemalan assets had been transferred out of the country through capital flight, and the value of the national currency, the quetzal, had slipped to a historic low. Insurgencies in El Salvador and Nicaragua and other regional problems had greatly weakened the Central American Common Market, of which Guatemala had been a leading beneficiary.

Guatemala demonstrates the importance of fully meeting the levels of U.S. assistance recommended by the Kissinger commission. (See "The U.S. and Central America: Implementing the National Bipartisan Commission Report," Department of State Special Report No. 148, August 1986.)

The United States supported the transition from military to civilian government. Total U.S. assistance (development, financial, food, and military) rose from \$32 million in fiscal year (FY) 1984 to \$103 million in FY 1986. U.S. assistance has ranged from rural development projects in the Indian highlands, support to help offset trade imbalances, improving the electoral system, and modernizing and professionalizing the investigative capabilities of judicial institutions, to providing

training and nonlethal equipment to the armed forces. This assistance is an important U.S. policy instrument to support democratic ideals and institutions in general and the civilian rule of President Cerezo in particular.

Guatemala is still struggling against violence, a lingering insurgent threat, socioeconomic ills, and institutional frailties. The United States will continue to support Guatemalan efforts to strengthen democratic institutions and the rule of law, to promote economic development and social progress, and to encourage the professionalization and responsible orientation of the armed forces and police. These are goals that unite the United States and Guatemala with each other and with other democratic nations. ■

Current Actions

MULTILATERAL

Agriculture

International plant protection convention. Done at Rome Dec. 6, 1951. Entered into force Apr. 3, 1952; for the U.S. Aug. 18, 1972. TIAS 7465. Adherences deposited: Liberia, July 2, 1986; Zambia, June 24, 1986.

Antarctica

Antarctic Treaty. Signed at Washington Dec. 1, 1959. Entered into force June 23, 1961. TIAS 4780. Accession deposited: Korea, Rep. of, Nov. 28, 1986.

Recommendations relating to the furtherance of the principles and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Canberra Sept. 27, 1983.¹

Notification of approval: Belgium, Dec. 11, 1986.

Automotive Traffic

Convention concerning customs facilities for touring. Done at New York June 4, 1954. Entered into force Sept. 11, 1957. TIAS 3879. Ratification deposited: Argentina, Dec. 19, 1986.

Aviation

Protocol relating to an amendment to the convention on international civil aviation (TIAS 1591). Done at Montreal Sept. 30, 1977.¹

Ratification deposited: Singapore, Sept. 22, 1986.

Biological Weapons

Convention on the prohibition of the development, production, and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London, and Moscow Apr. 10, 1972. Entered into force Mar. 26, 1975. TIAS 8062.

Accessions deposited: Bahamas, Nov. 26, 1986; Belize, Nov. 25, 1986; Grenada, Oct. 22, 1986; Sri Lanka, Nov. 18, 1986.

Conservation

Convention on wetlands of international importance especially as waterfowl habitat. Done at Ramsar Feb. 2, 1971. Entered into force Dec. 21, 1975.

Ratification deposited: U.S., Dec. 18, 1986. Enters into force for the United States: Apr. 18, 1987.

Protocol to the convention on wetlands of international importance especially as waterfowl habitat of Feb. 2, 1971. Adopted at Paris Dec. 3, 1982.¹

Ratification deposited: U.S., Dec. 18, 1986.

Customs

Convention concerning the formation of an International Union for the Publication of Customs Tariffs, regulations of execution, and final declarations. Signed at Brussels July 5, 1980. Entered into force Apr. 1, 1981. TS 384; 26 Stat. 1518.

Protocol modifying the convention of July 5, 1980, relating to the creation of an International Union for the Publication of Customs Tariffs. Done at Brussels Dec. 16, 1949. Entered into force May 5, 1950; for the U.S. Sept. 15, 1957. TIAS 3922.
Notice of denunciation: Singapore, Oct. 23, 1986; effective Apr. 1, 1989.

Environmental Modification

Convention on the prohibition of military or any other hostile use of environmental modification techniques, with annex. Done at Geneva May 18, 1977. Entered into force Oct. 5, 1978; for the U.S. Jan. 17, 1980. TIAS 9614.
Accession deposited: Korea, Rep. of, Dec. 2, 1986.

Juicial Procedure

Convention on the civil aspects of international child abduction. Done at The Hague Oct. 25, 1980. Entered into force Dec. 1, 1983.²
Extended to: Province of Alberta by Canada,^{3,4} Nov. 4, 1986.

Inter-American convention on letters rogatory. Done at Panama City Jan. 30, 1975. Entered into force Jan. 16, 1976.²

Additional protocol to the Inter-American convention on letters rogatory, with annex. Done at Montevideo May 8, 1979. Entered into force June 14, 1980.²
Signature: Argentina, May 19, 1986.

Jute

International agreement on jute and jute products, 1982, with annexes. Done at Geneva Oct. 1, 1982. Entered into force provisionally Jan. 9, 1984; definitively Aug. 26, 1986.
Ratification deposited: Greece, Dec. 2, 1986.

Marine Pollution

Protocol of 1978 relating to the international convention for the prevention of pollution from ships, 1973. Done at London Feb. 17, 1978. Entered into force Oct. 2, 1983.
Accessions deposited: Brunei, Oct. 23, 1986; Indonesia, Oct. 21, 1986.^{4,5}

Maritime Matters

International convention on tonnage measurement of ships, 1969, with annexes. Done at London June 23, 1969. Entered into force July 18, 1982; for the U.S. Feb. 10, 1983. TIAS 10490.
Accession deposited: Brunei, Oct. 23, 1986.
International convention on standards of training, certification, and watchkeeping for seafarers, 1978. Done at London July 7, 1978. Entered into force Apr. 28, 1984.²
Accession deposited: Brunei, Oct. 23, 1986.

International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.

Protocol of 1978 relating to the international convention for the safety of life at sea, 1974 (TIAS 9700). Done at London Feb. 17, 1978. Entered into force May 1, 1981. TIAS 10009.
Accession deposited: Brunei, Oct. 23, 1986.

Organization of American States—Amendment

Protocol of amendment to the Charter of the Organization of American States. Signed at Cartagena de Indias, Dec. 5, 1985.¹
Signatures: Antigua and Barbuda, Argentina, Bahamas, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominica, Dominican Rep., Ecuador,⁴ El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru,⁴ St. Lucia, Suriname, Uruguay, Venezuela, Dec. 5, 1985; Grenada, June 10, 1986; Panama, June 12, 1986; St. Christopher and Nevis, Apr. 16, 1986; Trinidad and Tobago, Apr. 15, 1986; U.S., Nov. 7, 1986.⁴
Ratifications deposited: Antigua and Barbuda, Nov. 24, 1986; Bahamas, Jamaica, Trinidad and Tobago, Nov. 7, 1986; Dominica, Nov. 18, 1986; Grenada, Nov. 12, 1986.

Pollution

Protocol to the convention on long-range transboundary air pollution of Nov. 13, 1979, (TIAS 10541) concerning monitoring and evaluation of the long-range transmission of air pollutants in Europe (EMEP), with annex. Done at Geneva Sept. 28, 1984.¹
Accession deposited: Czechoslovakia, Nov. 26, 1986; German Dem. Rep., Dec. 17, 1986.

Convention for the protection of the ozone layer, with annexes. Done at Vienna Mar. 22, 1985.¹
Ratification deposited: Sweden, Nov. 26, 1986.

Postal

Third additional protocol to the constitution of the Universal Postal Union of July 10, 1964, general regulations with annex, and the universal postal convention and final protocol and detailed regulations. Done at Hamburg July 27, 1984. Entered into force Jan. 1, 1986; definitively for the U.S. June 6, 1986.
Ratifications deposited: Afghanistan, Sept. 3, 1986; Denmark, Oct. 3, 1986; German Dem. Rep., Oct. 29, 1986; Lesotho, Sept. 24, 1986; Nigeria, May 22, 1985; Qatar, Sept. 17, 1986.

Money orders and postal travelers' checks agreement, with detailed regulations with final protocol. Done at Hamburg July 27, 1984. Entered into force Jan. 1, 1986; for the U.S. June 6, 1986.
Ratifications deposited: Denmark, Oct. 3, 1986; Qatar, Sept. 17, 1986.

Postal parcels agreement with final protocol and detailed regulations. Done at Hamburg July 27, 1984. Entered into force Jan. 1, 1986; for the U.S. June 6, 1986.
Ratifications deposited: Denmark, Oct. 3, 1986; Nigeria, May 22, 1985; Qatar, Sept. 17, 1986.
Approvals deposited: German Dem. Rep., Oct. 29, 1986; Lesotho, Sept. 24, 1986.

Property—Industrial

Convention of Paris for the protection of industrial property of Mar. 20, 1883, as revised. Done at Stockholm July 14, 1967. Entered into force Apr. 26, 1970; for the U.S. Sept. 5, 1970, except for Articles 1-12 entered into force May 19, 1970; for the U.S. Aug. 25, 1973. TIAS 6923, 7727.
Notification of accession deposited: Lebanon, Sept. 30, 1986.³

Property—Intellectual

Convention establishing the World Intellectual Property Organization. Done at Stockholm July 14, 1967. Entered into force Apr. 26, 1970; for the U.S. Aug. 25, 1970. TIAS 6932
Accession deposited: Lebanon, Sept. 30, 1986.

Red Cross

Geneva convention for the amelioration of the condition of the wounded and sick in armed forces in the field. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S. Feb. 2, 1956. TIAS 3362.

Geneva convention for the amelioration of the condition of the wounded, sick, and shipwrecked members of armed forces at sea. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S. Feb. 2, 1956. TIAS 3363.

Geneva convention relative to the treatment of prisoners of war. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S. Feb. 2, 1956. TIAS 3364.

Geneva convention relative to the protection of civilian persons in time of war. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S. Feb. 2, 1956. TIAS 3365.
Notification of succession: Antigua and Barbuda, Oct. 6, 1986; effective from Nov. 1, 1981.

Protocol additional to the Geneva conventions of Aug. 12, 1949, and relating to the protection of victims of international armed conflicts (Protocol I), with annexes. Adopted at Geneva June 8, 1977. Entered into force Dec. 7, 1978.²

Protocol additional to the Geneva conventions of Aug. 12, 1949, and relating to the protection of victims of noninternational armed conflicts (Protocol II). Adopted at Geneva June 8, 1977. Entered into force Dec. 7, 1978.²
Accessions deposited: Antigua and Barbuda, Oct. 6, 1986; Bahrain, Oct. 30, 1986; Guinea-Bissau, Sierra Leone, Oct. 21, 1986.

TREATIES

Refugees

Protocol relating to the status of refugees. Done at New York Jan. 31, 1967. Entered into force Oct. 4, 1967; for the U.S. Nov. 1, 1968. TIAS 6577.
Accession deposited: Venezuela, Sept. 19, 1986.⁴

Rubber

International natural rubber agreement, 1979. Done at Geneva Oct. 6, 1979. Entered into force provisionally Oct. 23, 1980; definitively Apr. 15, 1982. TIAS 10379.
Notification of withdrawal: Iraq, Nov. 17, 1986; effective Nov. 17, 1987.

Space

Convention on international liability for damage caused by space objects. Done at Washington, London, and Moscow Mar. 29, 1972. Entered into force Sept. 1, 1972; for the U.S. Oct. 9, 1973. TIAS 7762.
Ratification deposited: Argentina, Nov. 21, 1986.

Telecommunications

International telecommunication convention, with annexes and protocols. Done at Nairobi Nov. 6, 1982. Entered into force Jan. 1, 1984; definitively for the U.S. Jan. 10, 1986.
Ratifications deposited: Belgium, Kuwait, Oct. 9, 1986; Cote d'Ivoire, Sept. 17, 1986; Fiji, Sept. 25, 1986; Lesotho, Sept. 18, 1986.

Trade

United Nations convention on contracts for the international sale of goods. Done at Vienna Apr. 11, 1980.
Enters into force: Jan. 1, 1988.
Approval deposited: China, Dec. 11, 1986.
Ratifications deposited: Italy, U.S., Dec. 11, 1986.

United Nations—Privileges and Immunities
Convention on the privileges and immunities of the United Nations. Adopted by the General Assembly of the United Nations on Feb. 13, 1946. Entered into force Sept. 17, 1946; for the U.S. Apr. 29, 1970. TIAS 6900.
Notification of succession: St. Lucia, Aug. 27, 1986.

United Nations Industrial Development Organization

Constitution of the United Nations Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979. Entered into force June 21, 1985.
Ratification deposited: Papua New Guinea, Sept. 10, 1986.

Wheat

Wheat trade convention, 1986. Done at London Mar. 14, 1986. Entered into force July 1, 1986.⁶
Food aid convention, 1986. Done at London Mar. 13, 1986. Entered into force July 1, 1986.⁶
Acceptances deposited: Japan, Dec. 15, 1986.

BILATERAL

Argentina

Air transport services agreement, with annexes. Signed at Buenos Aires Oct. 22, 1985. Entered into force provisionally, Oct. 22, 1985.
Entered into force definitively: Dec. 29, 1986.

Australia

Memorandum of understanding concerning the exchange of service personnel between the U.S. Marine Corps and the Royal Australian Air Force. Signed at Washington Apr. 13, 1984. Entered into force Apr. 13, 1984.

Bangladesh

Agreement amending the agreement of Mar. 8, 1982, as amended (TIAS 10483, 10642) for sales of agricultural commodities. Effected by exchange of notes at Dhaka Dec. 10, 1985.
Entered into force Dec. 10, 1985.

Agreement amending agreement of Feb. 19 and 24, 1986, concerning trade in certain apparel categories. Effected by exchange of notes at Washington Sept. 15, Oct. 8 and 17, 1986. Entered into force Oct. 17, 1986.

Belgium

Agreement amending the air transport agreement of Oct. 23, 1980 (TIAS 9903). Effected by exchange of notes at Brussels Sept. 22 and Nov. 12, 1986. Entered into force Nov. 12, 1986.

Brazil

Agreement on maritime transport, with related letters. Signed at Rio de Janeiro Dec. 10, 1986. Entered into force Jan. 1, 1987.

Complementary agreement for technical cooperation in the area of irrigation, with appendices. Signed at Brasilia Nov. 6, 1986.
Entered into force Nov. 6, 1986.

Canada

Memorandum of understanding on the exchange of service personnel between the U.S. Marine Corps and Canadian Forces. Signed at Washington Sept. 19, 1984.
Entered into force Sept. 19, 1984.

Iceland

Treaty to facilitate defense relationship, with related memorandum of understandings. Signed at New York Sept. 24, 1986.
Ratifications exchanged: Oct. 31, 1986.
Entered into force: Oct. 31, 1986.

Israel

Memorandum of cooperation for mutual cooperation in the technical field of civil aviation security. Signed at Washington and Tel Aviv June 24 and Sept. 11, 1986. Entered into force Sept. 11, 1986.

Jamaica

Agreement amending the agreement of Jan. 15, 1986, as amended, for sale of agricultural commodities. Effected by exchange of notes at Kingston Oct. 30 and 31, 1986. Entered into force Oct. 31, 1986.

Korea

Memorandum of understanding for fuel exchange between the U.S. Navy and the Republic of Korea Air Force, with appendix. Signed at Seoul Oct. 31, 1986. Entered into force Oct. 31, 1986.

Agreement concerning trade in certain textiles and textile products, with annexes. Effected by exchange of letters at Washington Nov. 21 and Dec. 4, 1986.
Entered into force Dec. 4, 1986; effective Jan. 1, 1986.

Mexico

Agreement amending agreement of Feb. 25, 1979 (TIAS 9419), as amended, relating to trade in cotton, wool, and manmade textiles and textile products. Effected by exchange of notes at Washington Oct. 22 and 31, 1986.
Entered into force Oct. 31, 1986.

Netherlands

Agreement relating to air transportation between the United States and Aruba, with annexes. Signed at Washington Nov. 7, 1986.
Enters into force on the date the governments inform each other of completion of all necessary internal procedures.

Norway

Memorandum of understanding on the exchange of officers between the U.S. Marine Corps and the Norwegian Army. Signed at Oslo and Washington May 21 and July 3, 1986. Entered into force July 3, 1986.

Peru

Air transport services agreement, with annex. Signed at Washington Dec. 16, 1986.
Enters into force June 12, 1987. Memorandum of understanding on the exchange of officers between U.S. and Peruvian Marine Corps. Signed at Lima and Washington Aug. 20 and Sept. 22, 1986. Entered into force Sept. 22, 1986.

Spain

Agreement concerning technical cooperation in cartography and geodesy. Signed at Madrid and Washington Sept. 4 and Oct. 27, 1986. Entered into force Oct. 27, 1986.

Sri Lanka

Agreement for sales of agricultural commodities. Signed at Colombo Nov. 13, 1986.
Entered into force Nov. 13, 1986.

Sweden

Agreement on social security, with administrative arrangement. Signed at Stockholm May 27, 1985.
Entered into force: Jan. 1, 1987.

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject			
*255	12/2	Program for the official working visit to Washington, D.C., of President Arias of Costa Rica, Dec. 3-6.	260	12/11	Whitehead: closing address before the Brookings Institution Conference on Terrorism, Dec. 10.
256	12/4	Shultz: address before the International Management and Development Institute.	261	12/15	Signing of the Memorandum of Understanding between the U.S. Marine Corps and the Department of State.
*257	12/5	Program for the official working visit to Washington, D.C., of President Mobutu of Zaire, Dec. 6-12.	*262	12/17	Shultz: remarks at lighting of Christmas tree, Dec. 15.
258	12/8	Shultz: statement before the House Foreign Affairs Committee.	*263	12/17	Shultz, Kelley: remarks at signing ceremony of Memorandum of Understanding between U.S. Marine Corps and Department of State, Dec. 15.
*259	12/11	Shultz: condolence statement on the death of Anatoliy Marchenko, Dec. 10.	264	12/17	Shultz: interview on "Worldnet," Dec. 16.
			265	12/19	Shultz, Delors: joint news conference at the European Commission, Brussels, Dec. 12.
			266	12/31	Shultz: news conference at NATO headquarters, Brussels, Dec. 12.

*Not printed in the BULLETIN. ■

Trinidad and Tobago

Agreement relating to trade in cotton, wool, and manmade fiber textiles and textile products, with annexes and administrative visa arrangement. Effected by exchanges of notes at Port of Spain Oct. 15 and 23, 1986. Entered into force Oct. 23, 1986; effective Oct. 1, 1986.

United Kingdom

Supplementary treaty to the extradition treaty of June 8, 1972 (TIAS 8468), with annex. Signed at Washington June 25, 1985. Ratifications exchanged: Dec. 23, 1986.⁷ Entered into force: Dec. 23, 1986.

Agreement extending the agreement of July 26, 1984, as extended, concerning the Cayman Islands and narcotics activities. Effected by exchange of notes at Washington Nov. 26, 1986. Entered into force Nov. 26, 1986; effective Nov. 29, 1986.

¹Not in force.

²Not in force for the U.S.

³With reservation(s).

⁴With declaration(s).

⁵Not a party to (optional) Annexes III, IV, and V.

⁶In force provisionally for the U.S.

⁷With amendments and exchange of notes concerning Hong Kong. ■

Department of State

Free single copies of the following Department of State publications are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Secretary Shultz

Southern Africa: American Hopes for the Future, International Management and Development Institute, Dec. 4, 1986 (Current Policy #898).

Iran and U.S. Policy, House Foreign Affairs Committee, Dec. 8, 1986 (Current Policy #899).

Africa

South Africa: Toward Peace and Stability, Assistant Secretary Crocker, Economic Club, Detroit, Dec. 1, 1986 (Current Policy #897).

Arms Control

A World Without Nuclear Weapons, ACDA Director Adelman, Woodrow Wilson School of Public and International Affairs, Princeton, Nov. 13, 1986 (Current Policy #896).

Conference on Disarmament in Europe (GIST, Dec. 1986).

East Asia

China Policy Today: Consensus, Consistence, Stability, Assistant Secretary Sigur, World Affairs Council of Northern California, San Francisco, Dec. 11, 1986 (Current Policy #901).

U.S.-Philippine Relations: Promoting Trade and Investment, Under Secretary Wallis, American Chamber of Commerce and the Makati Rotary Club, Manila, Dec. 9, 1986 (Current Policy #902).

Europe

The Reykjavik Meeting (GIST, Dec. 1986).

U.S.-Soviet Relations (GIST, Dec. 1986).

The Conference on Security and Cooperation in Europe, Oct. 1986 (Historical Issues series).

Human Rights

Human Rights in Castro's Cuba, Dec. 1986 (Special Report #153).

Oceans

Navigation Rights and the Gulf of Sidra (GIST, Dec. 1986).

South Asia

Afghanistan: Seven Years of Occupation, Dec. 1986 (Special Report #155).

Terrorism

Terrorism: The Challenge and the Response, Deputy Secretary Whitehead, Brookings Institution Conference on Terrorism, Dec. 10, 1986 (Current Policy #900).

Western Hemisphere

Collective Security and the Inter-American System, Nov. 1986 (Historical Issues series). ■

Expanded *Chiefs of Mission* Volume Released

The Department of State on October 29, 1986, released the publication *Principal Officers of the Department of State and United States Chiefs of Mission, 1778-1986*. It is a revised and expanded edition of *United States Chiefs of Mission*, a standard reference work first published in 1973, and later updated in 1975 and 1982.

The publication presents the authoritative record of the tenure of principal American foreign affairs officials throughout the nation's history. The record includes the state of residence, career status, and dates of appointment, of entry on duty, and of termination of appointment. An index of all persons listed in the main text contains full name, dates of birth and death, and a chronological list of each position mentioned in the text. The edition covers appointments through April 30, 1986.

Part I, Principal Officers of the Department of State, has been completely revised and expanded over previous editions. In addition to officers commissioned by the President, chiefs of bureaus who were designated by the Secretary of State and who hold rank equivalent to an Assistant Secretary of State have been included. All individuals

conferred with the personal rank of Career Ambassador are included in a separate list that ends this section.

Part II, United States Chiefs of Mission, includes all U.S. Ambassadors, Ministers (including those commissioned as sole Ministers by the Continental Congress), Ministers Resident, Charge d'Affaires, Charge d'Affaires *pro tempore*, and Diplomatic Agents. It also includes those Commissioners who were accredited to foreign governments and served as heads of American Legations.

The revised edition of *Principal Officers of the Department of State and United States Chiefs of Mission, 1778-1986* was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies of this book, which contains 154 pages of data, are available in soft cover (Department of State Publication No. 9499; GPO Stock No. 044-000-02150-1), and may be purchased for \$8.50 from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Checks or money orders should be made payable to the Superintendent of Documents.

Press release 232 of Oct. 29, 1986. ■

Background Notes

This series provides brief, factual summaries of the people, history, government, economy, and foreign relations of about 170 countries (excluding the United States) and of selected international organizations. Recent revisions are:

Albania (Nov. 1986)
Bolivia (Oct. 1986)
Burkina Faso (Nov. 1986)
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A free copy of the **index only** may be obtained from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

For about 60 *Background Notes* a year, a subscription is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, for \$32.00 (domestic) and \$40.00 (foreign). Check or money order, made payable to the Superintendent of Documents, must accompany order. ■

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Details from the Mongolian flag (lower
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"Bringing terrorists to justice—punishing them—is the final step in the process of fighting terrorists. Merely thwarting them is not enough, for if the guilty can know no fear, then the innocent can know no rest."

An accomplice of the *Achille Lauro* hijackers awaiting trial in Genoa on charges of illegal weapons possession, November 1985.

Practical Measures for Dealing With Terrorism

by L. Paul Bremer, III

Address before the Discover magazine's conference on "Terrorism in a Technological World" on January 22, 1987. Mr. Bremer is Ambassador at Large for Counter-Terrorism.

Today I would like to discuss how our government is working to suppress terrorism. The problem is global, but it presents a special problem for those of us who live in democratic countries. We face this special problem because terrorism's most significant characteristic is that it despises and seeks to destroy the fundamentals of Western democracy—respect for individual life and the rule of law.

Terrorism is very real, the numbers are sobering.

- Last year there were almost 800 incidents of international terrorism.
- The citizens and property of over 80 countries were the victims or targets of international terrorist attacks.
- International terrorist activity in 1986 caused almost 2,000 casualties.

For me terrorism has a personal side. There are memorial plaques in the State Department lobby listing the names of American diplomats who died in the line of duty since 1776. When I joined the Foreign Service 20 years ago, there were 81 names on those plaques. All but four died from earthquakes, plagues, and other nonpurposeful causes. But in the last 20 years, 73 additional names have been added to these plaques—Americans serving in U.S. diplomatic missions. In other words, for the first 172 years of our nation's existence, we in the Foreign Service lost a member to violent, purposeful death

about every 40 years. Since I joined, we have averaged one such loss about every 90 days.

These facts, listed on plaques not 50 yards from my office, are a constant reminder of the rise of terrorism in the past two decades. But this rise is not uncontested. The U.S. Government, working on its own and in coordination with friendly states, actively pursues coordinated strategies to suppress terrorism at home and abroad.

Our strategy stresses practical measures to identify, track, apprehend, prosecute, and punish terrorists. Additionally, we are working to impose diplomatic, economic, and—where all else fails—military burdens on states supporting terrorism.

Practical Measures Against Terrorists

Let me say a word first about these practical measures.

Identification of terrorists is the first and perhaps most difficult step. If we are to prevent terrorist attacks, if we are to apprehend those responsible, we must know several things.

- Which groups are we dealing with? What are their immediate and longer term operational plans? Their political goals? How violence prone are they? Do they carry out their threats? Where are their bases of operation?
- Who are the members? How and why were they recruited? What are their nationalities, ages, motivations? Are they prone to suicide attacks? How well armed and trained are they?

Putting this information together is slow, expensive, frustrating, and difficult. Groups secretive by nature change their names, rearrange their internal loyalties and groupings, and change bases with frustrating frequency. This makes terrorist groups extremely difficult to penetrate.

The information which comes to us is almost invariably fragmentary. In bits and pieces we pick up the gist of a meeting, a name, a pseudonym, a photograph, a sample of a bomb. Intelligence analysts, the unsung heroes of counterterrorism, work with these fragments to convert them into the information we need.

Today we are gathering and sharing more data on terrorists with allies and other friendly countries. We and our allies have developed a number of practical measures in this field. For example, our government has drawn up lists of known and suspected terrorists and circulated these lookout lists among friendly governments. Every day I read dozens of cables indicating that intelligence about terrorists has been passed to us, that we are passing information to other countries, and that our friends are sharing with each other.

While we can never know enough, the effects of these measures are gratifying. Frequently, the understanding which emerges from pooled intelligence

is greater than the sum of its parts. This synergistic effect makes the world safer for all of us.

Second, once identified, a terrorist must be located and tracked. At international borders terrorists may be required to produce identification and subject themselves and their baggage to search. Border crosses are thus a weak spot for terrorists and an opportunity for us. Just last week, Mohammed Hamadei, who is suspected of involvement in the TWA Flight 847 hijacking, was arrested as he attempted to enter West Germany through Frankfurt airport. At almost the same time, another man was captured by Italian authorities while attempting to smuggle explosives into Milan.

To exploit this terrorist vulnerability, we must also combat the fraudulent use of travel documents by terrorists. The passports of many countries are often easy for a sophisticated forger to duplicate or alter. The terrorists who attacked the Rome and Vienna airports in 1985 used passports Libya confiscated from Tunisian guest workers. The problem becomes even more difficult when governments issue authentic travel documents to terrorists, as Syrian authorities did in the case of Nizar Hindawi, the man convicted of trying to bomb an El Al 747 in London last year.

The U.S. Government is working now to make the travel documents we issue more secure, and we are cooperating with other countries to share information about false travel documents.

Third, we and our allies must resolve to act forcefully on the information we have obtained by apprehending terrorists. Apprehending terrorists is inherently more dangerous than capturing common criminals. Terrorists are frequently better armed and usually more prepared to shoot than either common criminals or civilian police. The infamous terrorist Carlos managed to kill two French policemen because they thought they were dealing with a common criminal.

Capturing terrorists, therefore, requires not only well-coordinated intelligence but policemen armed more like soldiers—or soldiers fulfilling functions more like those of police. Crisis management experts and specially equipped and trained forces are needed. Here, too, we have developed practical means of cooperation. Our government provides training and equipment to nations which are trying to deal with terrorism. Since 1984, more than 4,000 people from over 40 countries have participated in our counterterrorism assistance programs.

This training pays off. On one recent occasion, airport personnel in an Asian country became suspicious of some travelers because of their age, nationality, itinerary, and spending habits. When the suspicions were brought to our attention, we moved quickly to work with the airline and the security forces of three foreign countries to monitor this group's movements throughout their travels.

The fourth practical measure is prosecution of captured terrorists, a seemingly obvious step too often not taken. Prosecuting terrorists in the face of terrorist threats tests political will. Recently, we have been encouraged by the actions many countries have taken to prosecute terrorists in spite of these threats.

Ambassador at Large for Counter-Terrorism



L. Paul Bremer, III was born in Hartford, Conn., on Sept. 30, 1941. He graduated from Yale (B.A., 1963), the Institut d'Etudes Politiques in Paris (CEP, 1964), and Harvard Graduate School of Business (M.B.A., 1966). He entered the Foreign

Service in 1966; his first assignment was Afghanistan and then as economic/political officer in Malawi (1968-71).

Ambassador Bremer returned to the State Department in 1971 to serve as opera-

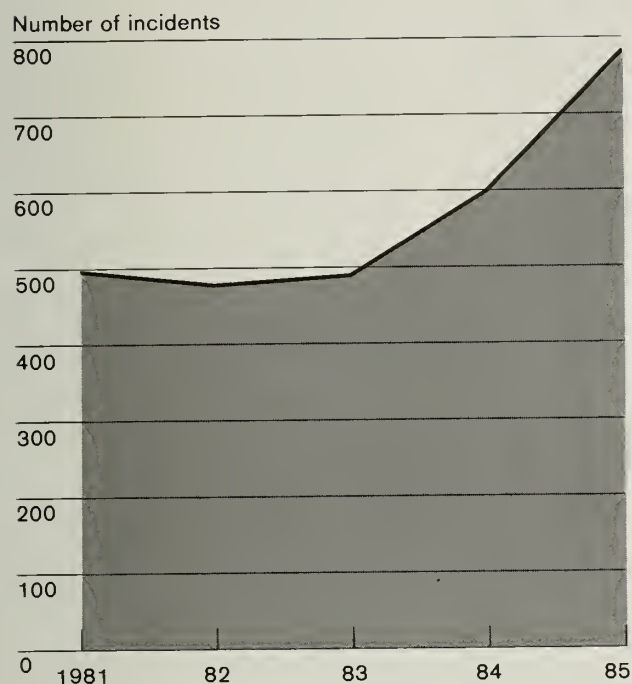
tions officer, staff assistant to the Secretary of State, special assistant to the Secretary of State, executive assistant to the Secretary, and Deputy Executive Secretary of the Department.

He became deputy chief of mission in Norway in 1976 and in 1979 became Executive Secretary of the Department and special assistant to the Secretary of State.

He was Ambassador to the Netherlands from 1983 to 1986. He speaks French, Dutch, Norwegian, Spanish, German, and Persian and is a career member of the Senior Foreign Service, Class of Career Minister.

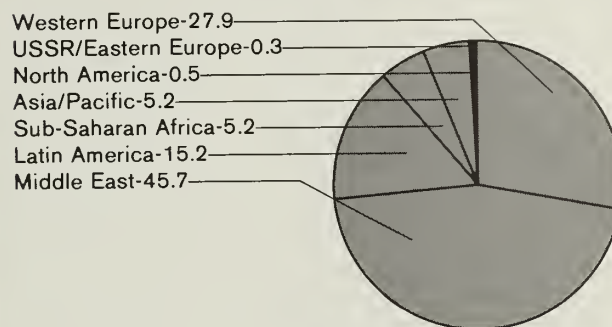
He was sworn in as Ambassador at Large for Counter-Terrorism on Oct. 17, 1986. ■

International Terrorist Incidents, 1981-85



Geographic Distribution of International Terrorist Incidents, 1985

Percent



In prosecution, too, we have a program for cooperating with friendly countries. The United States provides forensic and other technical experts to assist other countries in their pretrial investigations. Through mutual legal assistance treaties, we make witnesses or other evidence available. At the same time, we are working with other countries to strengthen our extradition treaties.

Even so, problems remain. We still see too many tacit agreements whereby terrorists are permitted free transit of or residence in a country in return for not attacking the host country's interests.

Bringing terrorists to justice—punishing them—is the final step in the process of fighting terrorists. Merely thwarting them is not enough, for if the guilty can know no fear, then the innocent can know no rest.

Happily, the rule of law is asserting itself more and more. We see fewer terrorists released without trial. The Italians last year tried and convicted the *Achille Lauro* hijackers. In October and November, the British and West German Governments tried and convicted terrorists for the attempted El Al bombing and the actual bombing of the German-Arab Friendship Society in Berlin. Other important terrorist trials are coming up in Madrid, Ankara, Paris, Rome, and Vienna.

These prosecutions must continue. There is nothing, no case study, no example, to suggest that there is any permanent advantage in treating terrorists as other than criminals.

We may be seeing the results of these measures. Our preliminary figures show that international terrorist incidents in 1986 were at about the same level as 1985—a considerable change from previous years which saw annual increases of 30%-40%. Moreover, terrorist incidents of Middle Eastern origin in Europe dropped almost 70% last year.

State Support of Terrorism

While our activities with allies to identify, track, apprehend, prosecute, and punish terrorists show progress, that progress is more difficult and slower against one particular class of terrorist: those enjoying the support of a sovereign nation. With the help of a friendly state, a terrorist has capacities he lacks if he has to act on his own. Especially as a fugitive.

- When a terrorist obtains travel and identification documents from a country, it becomes harder to identify and track him. When Nizer Hindawi went to London to blow up the El Al flight, he carried an authentic Syrian service passport issued to him.
- A terrorist who enjoys the patronage of a state has a ready source of weapons and a means to transport them. Diplomatic pouches are exempt from search by international convention, and the baggage handlers at state-owned airlines don't interfere when told not to examine a particular parcel. Nizer Hindawi's bomb was brought into England by Syria's official airline.
- Countries like Libya, Syria, and Iran make a terrorist's work easier by providing a place to train. It is not easy for a terrorist operating alone, especially if he is a fugitive, to find an isolated location where he can learn to fire automatic weapons, assemble and detonate explosives.
- Financial support from state sponsors allows terrorists to spend more time on operations because they need not rob banks or traffic in drugs to raise money.
- States can provide terrorists with refuge, an important support. Safe houses allow terrorists a rest from extraordinary strains of life underground. Being able to live and to plan future actions without fear of immediate

arrest and punishment is of enormous psychological value to a terrorist.

The state giving these benefits to terrorists receives value in return.

- A group of state-supported terrorists costs less per year than a company of regular soldiers. But the terrorists can do much more to intimidate another state.
- Using surrogates makes it easier for the sponsoring state to deny responsibility for actions which, if undertaken overtly, could lead to war.
- Through terrorism a small state or leader can attract the attention, if not the respect, of the world. We know Qadhafi's name not because of the "wisdom" in his "Green Book," but because of his support for terrorism.

Fighting Terrorism Together

It is important that we complement our practical measures against terrorists with actions against the states which sponsor them. We must work with friendly states to make it clear that we will not conduct business as usual with states supporting terrorism.

Simply put, the community of nations must increase the political, economic, and, yes, perhaps even the military costs of helping terrorists until the sponsoring states cannot afford to pay them any longer.

Here, too, we are beginning to see progress. Over the past year, there has been a growing political consensus among European governments that more has to be done. The Europeans have made nearly a dozen major statements or agreements concerning measures against countries supporting terrorism. These include reducing the size of the diplomatic missions from countries supporting terrorism and declarations that terrorists' attacks can never be justified and are a disservice to any political cause.

Specifically, in the last 60 days, Britain broke diplomatic relations with Syria, the United States withdrew its ambassador to Damascus, and the Federal Republic of Germany announced

that it would stop its development aid to Syria. Additionally, the European Community announced a series of economic, political, diplomatic, and security-related measures against Syria. Why? Clear sponsorship of terrorists, proven in open court.

We have also seen increasing cooperation in our efforts to drive home this message to Colonel Qadhafi. Last summer West European governments expelled more than 100 so-called Libyan diplomats and businessmen. This heavy blow to Libya's terrorist infrastructure in Europe, combined with the tightened security measures at airports and elsewhere, undoubtedly played a role in sharply reducing Libyan-related terrorist incidents after May. Indeed, preliminary figures for 1986 show a substantial decline in the number of terrorist incidents which we can identify as being conducted on behalf of a state.

Conclusion

Looking to the future, I cannot assure you a world free of terrorism any more than I can offer a world free of crime or poverty. I can assure you that your government is working internally, bilaterally, and multilaterally to reduce terrorism to the absolute minimum. There is reason to be optimistic. If the terrorists have not gone away, neither have we left the field to them.

- Cooperation with friendly governments on practical measures to combat terrorism is growing.
- There have been significant displays of coordinated multilateral actions against states sponsoring terrorism in recent months.
- The rule of law is at work. In London and Berlin, public trials have resulted in stiff sentences for terrorists. And more trials are coming up.

Suppressing terrorism will be neither quick nor easy. But I know our strategies of coordination on the police, intelligence, and diplomatic levels are working and showing results. We will face setbacks. But I am convinced that we, the people of the world's democracies, will prevail over those who would, through terror, take from us the fruits of two centuries of political progress. ■

State of the Union Address

Excerpt from President Reagan's address before a joint session of the Congress on January 27, 1987.¹

....

We can also be heartened by our progress across the world. Most important, America is at peace tonight, and freedom is on the march. We have done much these past years to restore our defenses, our alliances, and our leadership in the world. Our sons and daughters in the services once again wear their uniforms with pride.

But though we have made much progress, I have one major regret. I took a risk with regard to our action in Iran. It did not work, and for that I assume full responsibility. The goals were worthy. I do not believe it was wrong to try to establish contacts with a country of strategic importance or to try to save lives. And certainly it was not wrong to try to secure freedom for our citizens held in barbaric captivity. But we did not achieve what we wished, and serious mistakes were made in trying to do so. We will get to the bottom of this, and I will take whatever action is called for.

But in debating the past, we must not deny ourselves the successes of the future. Let it never be said of this generation of Americans that we became so obsessed with failure that we refused to take risks that could further the cause of peace and freedom in the world.

Much is at stake here, and the nation and the world are watching—to see if we go forward together in the national interest or if we let partisanship weaken us.

And let there be no mistake about American policy: We will not sit idly by if our interests or our friends in the Middle East are threatened, nor will we yield to terrorist blackmail.

Now, ladies and gentlemen of the Congress, why don't we get to work?

I am pleased to report that, because of our efforts to rebuild the strength of America, the world is a safer place. Earlier this month, I submitted a budget to defend America and maintain our momentum to make up for neglect in the last decade. I ask you to vote out a defense and foreign affairs budget that says "yes" to protecting our country. While the world is safer, it is not safe.

Since 1970 the Soviets have invested \$500,000 million more on their military forces than we have. Even today, though

nearly one in three Soviet families is without running hot water and the average family spends 2 hours a day shopping for the basic necessities of life, their government still found the resources to transfer \$75,000 million in weapons to client states in the past 5 years—clients like Syria, Vietnam, Cuba, Libya, Angola, Ethiopia, Afghanistan, and Nicaragua.

With 120,000 Soviet combat and military personnel and 15,000 military advisers in Asia, Africa, and Latin America, can anyone still doubt their single-minded determination to expand their power? Despite this, the Congress cut my request for critical U.S. security assistance to free nations by 21% this year and cut defense requests by \$85,000 million in the last 3 years.

These assistance programs serve our national interests as well as mutual interests, and when the programs are devastated, American interests are harmed. My friends, it is my duty as President to say to you again tonight that there is no surer way to lose freedom than to lose our resolve.

Today, the brave people of Afghanistan are showing that resolve. The Soviet Union says it wants a peaceful settlement in Afghanistan, yet it continues a brutal war and props up a regime whose days are clearly numbered. We are ready to support a political solution that guarantees the rapid withdrawal of all Soviet troops and genuine self-determination for the Afghan people.

In Central America, too, the cause of freedom is being tested. And our resolve is being tested there as well. Here, especially, the world is watching to see how this nation responds. Today, over 90% of the people of Latin America live in democracy. Democracy is on the march in Central and South America. Communist Nicaragua is the odd man out—suppressing the church, the press, and democratic dissent and promoting subversion in the region. We support diplomatic efforts, but these efforts can never succeed if the Sandinistas win their war against the Nicaraguan people.

Our commitment to a Western hemisphere safe from aggression did not occur by spontaneous generation on the day we took office. It began with the Monroe Doctrine in 1823 and continues our historic bipartisan American policy.

Franklin Roosevelt said we "...are determined to do everything possible to maintain peace on this hemisphere." President Truman was very blunt: "International communism... seeks to crush and undermine and... destroy the independence of the Americas... We can't let that happen here."

And John F. Kennedy made clear that "...communist domination in this hemisphere can never be negotiated." Some in this Congress may choose to depart from this historic commitment, but I will not.

This year, we celebrate the second century of our Constitution. The Sandinistas just signed theirs 2 weeks ago—and then suspended it. We won't know how my words tonight will be reported there for one simple reason—there is no free press in Nicaragua.

Nicaraguan freedom fighters have never asked us to wage their battle, but I will fight any effort to shut off their lifeblood and consign them to death, defeat, or a life without freedom. There must be no Soviet beachhead in Central America.

We Americans have always preferred dialogue to conflict, and so we always remain open to more constructive relations with the Soviet Union. But more responsible Soviet conduct around the world is a key element of the U.S.-Soviet agenda. Progress is also required on the other items of our agenda as well—real respect for human rights and more open contacts between our societies and, of course, arms reduction.

In Iceland last October, we had one moment of opportunity that the Soviets dashed because they sought to cripple our Strategic Defense Initiative—SDI. I wouldn't let them do it then; I won't let them do it now or in the future. This is the most positive and promising defense program we have undertaken. It's the path—for both sides—to a safer future; a system that defends human life instead of threatening it. SDI will go forward.

The United States has made serious, fair, and far-reaching proposals to the Soviet Union, and this is a moment of rare opportunity for arms reduction. But I will need—and American negotiators in Geneva will need—Congress' support. Enacting the Soviet negotiating position into American law would not be the way to win a good agreement. So I must tell

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this Congress I will veto any effort that undercuts our national security and our negotiating leverage.

Today, we also find ourselves engaged in expanding peaceful commerce across the world. We will work to expand our opportunities in international markets through the Uruguay round of trade negotiations and to complete a historic free trade arrangement between the world's two largest trading partners—Canada and the United States.

Our basic trade policy remains the same. We remain as opposed as ever to protectionism because America's growth and future depend on trade. But we will insist on trade that is fair and free. We are always willing to be trade partners but never trade patsies.

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¹Text from Weekly Compilation of Presidential Documents of Feb. 2, 1987. ■

Independent Counsel to Investigate Arms Sales to Iran

PRESIDENT'S ADDRESS TO THE NATION, DEC. 2, 1986¹

Good afternoon. Since the outset of the controversy over our policy relating to Iran, I've done everything in my power to make all the facts concerning this matter known to the American people. I can appreciate why some of these things are difficult to comprehend, and you're entitled to have your questions answered. And that's why I've pledged to get to the bottom of this matter.

And I have said earlier that I would welcome the appointment of an independent counsel to look into allegations of illegality in the sale of arms to Iran and the use of funds from these sales to assist the forces opposing the Sandinista government in Nicaragua.

This morning, Attorney General Meese advised me of his decision that his investigation has turned up reasonable grounds to believe that further investigation by an independent counsel would be appropriate. Accordingly, consistent with his responsibilities under the Independent Counsel Act, I immediately urged him to apply to the court here in Washington for the appointment of an independent counsel.

Yesterday I had my first meeting with the Special Review Board. That review board is made up of three men of unquestioned integrity and broad experience in foreign and national security policy.² In the meeting with the Board, they promised me a tough, no-nonsense investigation; and I promised them the full cooperation of the White House staff and all agencies of the executive branch.

No area of the NSC [National Security Council] staff's activities will be immune from review. And when the board reports to me, I intend to make their conclusions and recommendations available to Congress and to the American people. With the appointment of an independent counsel, we will have in place a dual system for assuring a thorough review of all aspects of this matter.

If illegal acts were undertaken, those who did so will be brought to justice. If actions in implementing my policy were taken without my authorization, knowl-

edge, or concurrence, this will be exposed and appropriate corrective steps will be implemented.

I recognize fully the interest of Congress in this matter and the fact that in performing its important oversight and legislative role, Congress will want to inquire into what occurred. We will cooperate fully with these inquiries. I have already taken the unprecedented step of permitting two of my former national security advisers to testify before a committee of Congress.

These congressional inquiries should continue. But I do believe Congress can carry out its duties in getting the facts without disrupting the orderly conduct of a vital part of this nation's government. Accordingly, I am urging the Congress to consider some mechanism that will consolidate its inquiries—such a step has already been requested by several Members of Congress. I support the idea.

In closing, I want to state again that it is my policy to oppose terrorism throughout the world, to punish those who support it, and to make common cause with those who seek to suppress it. This has been my policy and will continue to be my policy.

If the investigative processes now set in motion are given an opportunity to work, all the facts concerning Iran and the transfer of funds to assist the anti-Sandinista forces will shortly be made public. Then the American people—you—will be the final arbiters of this controversy. You will have all the facts and will be able to judge for yourselves.

I am pleased to announce today that I am appointing Frank Carlucci as Assistant to the President for National Security Affairs. A former Deputy Secretary of Defense, Deputy Director of the CIA, and Ambassador to Portugal, Mr. Carlucci has the depth of experience in foreign affairs, defense, and intelligence matters that uniquely qualify him to serve as my national security adviser. The American people will be well served by his tenure.

¹Text from Weekly Compilation of Presidential Documents of Dec. 8, 1986.

²John Tower, Edmund S. Muskie, and Brent Scowcroft. ■

The Foreign Affairs Budget Crisis: A Threat to Our Vital Interests

Secretary Shultz's statement before the Senate Budget Committee on January 23, 1987.¹

Today's presentation supports the President's fiscal year (FY) 1988 budget request for the international affairs function—budget function 150. I take it as an opportunity to convey to you my deep concern about a major foreign policy crisis we are in danger of creating for ourselves. It is the danger of missing important opportunities to advance the interests of the United States because of rapidly diminishing resources committed to international affairs.

The fact is, we cannot remain a first-class world power by committing fewer resources to our foreign relations than our adversaries. Nor can we maintain our political, economic, and humanitarian values in a dynamic and threatening world environment through the strength of our military power alone.

As we face the third consecutive year of sharp cuts in our foreign affairs budget, I am concerned that the United States—through a series of reductions in people, facilities, and programs overseas—is mindlessly creating for itself a strategy of retreat. This budget crisis is perhaps the most urgent—and least recognized—foreign policy challenge facing our nation today.

I think all Americans can agree on the broad goals of our foreign policy. Put simply, they are to protect our national security, to promote our domestic prosperity, to foster democratic values, to advance our humanitarian ideals, to combat narcotics trafficking, and to thwart terrorism.

Over the last 6 years, this Administration has worked hard toward these objectives. We have made substantial progress toward reinvigorating our economy, restoring our military strength, and strengthening our ties with allies in Europe, Asia, Latin America, and elsewhere. It has involved a lot of unspectacular but vital spadework—day-by-day management of our policies by the men and women of the foreign affairs agencies.

As a result of these efforts on behalf of President Reagan's policies, our European alliance is strong and vital. In NATO, American efforts to advance

peace and progress abroad have been buttressed by a new sense of vitality and common purpose. We have also built a network of strong ties in Asia—relationships that will be crucial to global prosperity and regional security well into the next century.

Through firmness and realism, we have embarked on a new high-level dialogue with the Soviet Union—not just on arms control but on the full agenda of issues that divide us. And, for the first time in history, we now have the prospect of negotiating substantial reductions in the nuclear arsenals of both sides.

In the developing world, we have worked to support a remarkable surge toward democracy, most notably in Latin America, where the percentage of the population living under freely elected governments has grown from 30% in 1979 to more than 90% today. Democracy has also made great strides in the Philippines, in the Caribbean, and throughout the Third World. More and more people seem willing to resist authoritarian or military governments and the yoke of totalitarian oppressors; they seek and deserve our help.

We have also seen an encouraging trend toward free market-oriented solutions to the problems of economic growth. We now find, almost everywhere in the world, movements to decentralize, deregulate, and denationalize. At the UN Special Session on the Critical Economic Situation in Africa last May, the African nations committed themselves to more open markets and less state intervention. Even in the communist world, reforms in China demonstrate a growing recognition that entrepreneurial initiative in a market environment is the engine of development and growth.

All of this represents important progress. But there is still much to be done. Precisely because foreign affairs issues do not lend themselves to quick fixes, Americans have to be prepared to tackle them on a steady, long-term basis. Yet just as we should be consolidating and building upon our recent gains, we stand on the threshold of a major reversal brought about by penny-wise, pound-foolish budget decisions.

Last January, President Reagan submitted to Congress an international affairs budget for FY 1987 that represented a sound and prudent investment in our national interest. The total request amounted to less than two cents on every dollar in the proposed Federal budget, which itself was within the new Gramm-Rudman-Hollings ceilings. Yet Congress proceeded to cut that request by over 20%, reducing our operating base by \$1.8 billion. After accommodating earmarked items which had to be funded, the effective cut for the bulk of our operations was more on the order of 50%. This was on top of the \$1.5 billion cut from prior year levels which we suffered in the FY 1986 congressional appropriations process, meaning that over the past 2 years, we lost over \$3.3 billion from the resources we were operating with in FY 1985. These cuts were more severe, in percentage terms, than any other function in the President's budget requests.

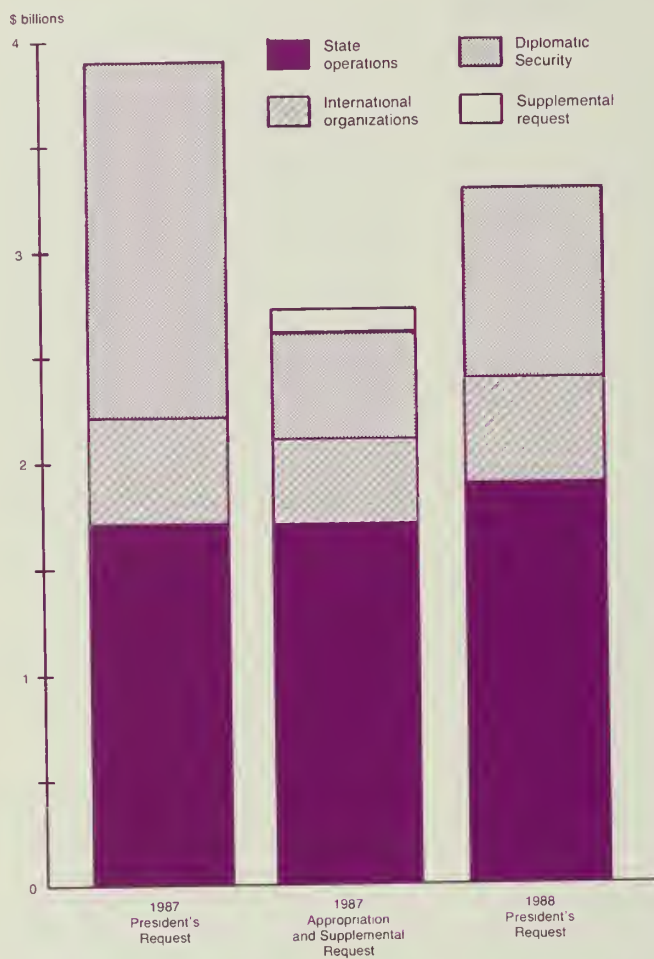
These cuts threaten our vital interests not just in one or two regions but around the globe. They threaten the stability of our allies. They threaten our war on drug traffickers and on terrorists. They threaten our attempt to promote democratic values and reforms. They threaten our efforts to expand and develop trade. And they threaten our ability to pursue a coherent foreign policy by undermining our foreign affairs infrastructure and weakening our career Foreign Service. In short, by attempting to save the country some dollars over the short run, these cuts threaten to cost us much more—in money, in jobs, even in lives—over the long run.

The President's foreign affairs budget might usefully be looked upon as a form of national insurance. In asking the Congress to devote only two cents out of every budget dollar to our foreign policy goals, the President has determined the minimum premium we must pay as a people to safeguard the peace and lead the free world. If we fail to pay these costs, we are gambling needlessly with our nation's future.

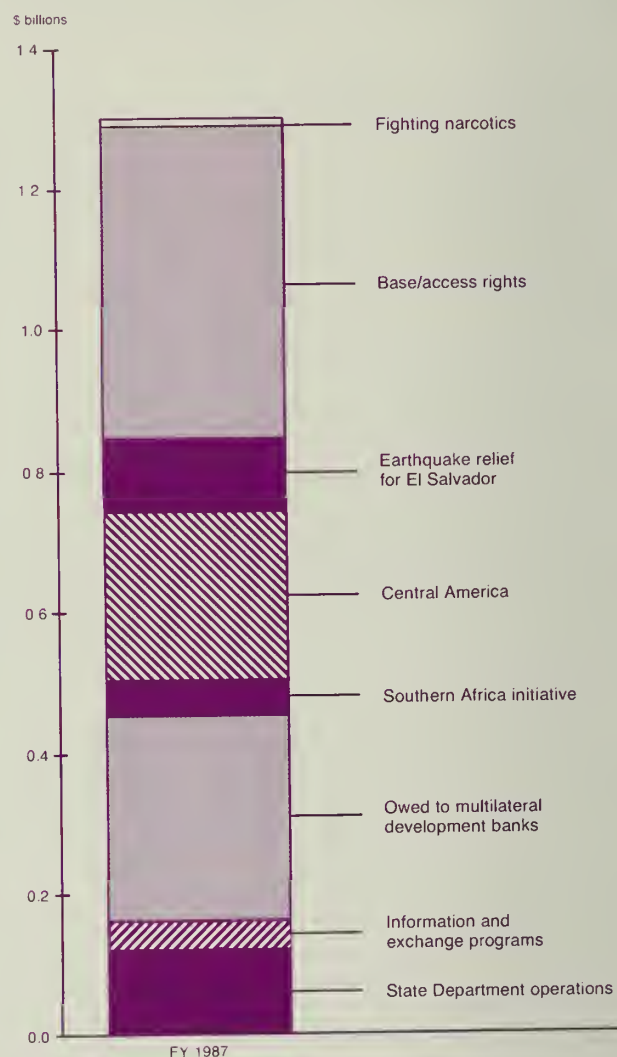
No one can say for sure how large the gamble will be. We know we pay some price every day in terms of lost opportunities to influence events.

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State Department Funding, FY 1987-88



Foreign Affairs: FY 1987 Supplemental Request



Foreign Assistance, FY 1988 Request



Perhaps a crisis that could have been averted today by timely and relatively inexpensive security or economic assistance, or through diplomatic efforts, will explode in our faces the day after tomorrow. Then the terrible words of Thomas Hobbes will come back to haunt us: "Hell," wrote Hobbes, "is truth seen too late."

In just a moment, I will try to give you examples of the real damage this nation could inflict on itself if the President's supplemental and FY 1988 requests are not passed. First, however, let me tell you what we are asking for.

Budget Overview

For FY 1988, the President's budget request for the international affairs function is \$19.1 billion. Because this is a net figure, the total appropriations request is \$19.6 billion, about \$1.6 billion below our FY 1987 request. Of that amount, \$15.2 billion is for foreign assistance. Just about half of this goes for a few major commitments. As in the past, the largest single component is the \$5.3 billion for Israel and Egypt—35% of the total—while assistance to four NATO allies—Spain, Portugal, Greece, and Turkey—and the Philippines accounts for \$2.1 billion or 14%. Central America and the Caribbean represent \$1.4 billion or 9% of the request. Of the remainder, assistance to Pakistan, Thailand, Kenya, Somalia, Tunisia, Jordan, and Morocco take another \$1.2 billion or 8%. Our request for Africa is \$895 million or 6% of the total. All other country programs constitute \$1.2 billion or 8% of the total resources requested.

In addition, the foreign assistance account includes \$1.8 billion in contributions to the multilateral development banks or 12% of the total; and the remaining \$1.3 billion, or 8%, for such items as AID [Agency for International Development] noncountry programs, voluntary contributions to international organizations and programs, narcotics control programs, the Peace Corps, and refugee assistance.

The remaining \$4.4 billion we seek in budget function 150 appropriations finances the operations of the Department of State, United States Information Agency, and the Board of International Broadcasting. Out of this sum, we also pay our assessed contributions to international organizations, contributions to UN peacekeeping activities, and

U.S. participation in multilateral international conferences. Finally, we seek a direct lending program of \$1 billion for the Export-Import Bank.

While I realize this is not within the specific jurisdiction of this committee, I think it is important to note that we are also seeking, on an urgent basis, \$1.3 billion in supplemental funds in FY 1987. This is the minimum amount necessary to protect our core interests until the completion of the FY 1988 budget process. The supplemental funds will help meet critical unexpected needs, major shortfalls from absolutely essential projects where there are firm commitments to key allies, and projects which Congress has asked us to consider and fund. A package of budget offsets has been submitted to accommodate this supplemental request.

As a former budget director, I know firsthand the difficult and painful decisions you face in attempting to reduce the Federal budget deficit. It is a goal strongly shared by the President and me. This budget reflects a number of painful choices we had to make as part of our contribution to the deficit reduction target. We had to pare down and even eliminate programs which, under other circumstances, would have great merit. Our proposed program level for the Andean countries, for example, is far below the optimum when you consider our interests and their needs. In Korea, rather than a brusque cutoff from a large FMS [foreign military sales] credit program, it would have been helpful to provide some transition to strict commercial terms. I could cite many other examples of programs cut substantially below the amount my program managers considered necessary. The point is this budget is not a wish list. At each stage of the budget review process we asked this question: how can we justify these investments in an age of fiscal restraint? I hope my testimony will answer that question to your satisfaction.

My colleagues and I recognize that we will not get very far without the cooperation of the Congress. We are committed to work with Congress. We welcome your close scrutiny of our budget proposals, and we will do our best to respond to all of your questions in a forthright and timely manner.

Let me now provide you with some concrete examples of how our resource requests help promote our objectives.

National Security

Let's start with our national security. We live in a dangerous world, and we face the choice of defending ourselves alone—and, I might add, at tremendous cost—or working with allies who share our values and who face the same enemies we do. We have chosen the latter course.

Our country's alliances are based on a sharing of risks and responsibilities. The Soviet challenge is global. Its military machine stands poised down the middle of Europe; pursues its invasion of neighboring Afghanistan; and actively arms and supports repressive regimes in Eastern Europe, Indochina, Ethiopia, Cuba, and Nicaragua.

Some of our allies, particularly in the developing world, lack the resources to provide for their own security concerns while simultaneously responding to the basic economic needs of their own people. Because we know they must do both if they are to survive and grow, we must help them finance the modernization of their armed forces. Over the years we have made commitments to do so. Yet the resources made available this past year fall far short of these commitments. For example, in FY 1987, we have had to slash aid to Spain by 73%. The story is repeated for Portugal, Turkey, Greece, and even the Philippines, where we had to reduce the military assistance program by 50%.

Such reductions raise fundamental doubts about U.S. dependability and risk the loss of vital military and port facilities. Without these allies and their facilities, we would have to spend a great deal more on defense and have many more of our citizens under arms. We are, therefore, requesting \$2.1 billion in security assistance to the base rights countries to help modernize their military forces and—for Portugal, Turkey, and the Philippines—to assist them in dealing with their economic problems.

A region especially crucial to the United States is the Middle East. We want to support the Arab-Israeli peace process, check the spread of Soviet influence, and maintain free access to Persian Gulf oil. Our security and economic assistance programs to Israel and Egypt play a key role toward achieving these objectives. So, too, does assistance to close friends such as

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Tunisia, Jordan, and Morocco. Our 1988 budget requests seek \$200 million in military and economic assistance for these three countries.

Another key ally is Pakistan, which has voiced its strong opposition to Soviet aggression in Afghanistan and which is now host to nearly 3 million Afghan refugees. Our support for Pakistan is indispensable if it is to continue to bear the enormous economic burden of the Afghan refugees and to negotiate firmly for Soviet withdrawal. For FY 1988 we are requesting \$678 million in economic and military assistance to Pakistan.

Central America is of vital importance to the United States because of its geographic proximity and strategic position. The Soviet Union, through Cuba and Nicaragua, is seeking to extend its influence by supporting guerrilla and subversive groups in Central America. U.S. policy in the area seeks to counter the challenge by promoting security, democracy, economic development, and social reform. We are asking for \$1.4 billion to cover these costs.

Fortunately, massive expenditures are not needed everywhere; sometimes, relatively modest sums suffice. In the South Pacific, for example, we have an opportunity to strengthen our ties with the region's nine independent nations and at the same time put effective limits on expanding Soviet influence. While the Soviets have made inroads in the region, especially in the area of fisheries—where for a mere \$1.5 million, Moscow has acquired or is attempting to acquire fishing rights in Kiribati and Vanuatu—a small commitment now on our part will give the region the Western, pro-democratic, free enterprise alternative it clearly prefers.

Supporting global measures for peace also obliges the United States to play an active role in the United Nations. In recent years, we have sought to use our influence to make the United Nations a more efficient, effective organization. Last month, the UN General Assembly enacted by consensus a far-reaching set of reforms. In addition to their inherent importance, these reforms will provide the basis for rebuilding broad-based U.S. support for the United Nations as a genuine forum for conflict resolution. Now it is incumbent on us to return to a funding status consistent with our size, commitments, and responsibilities.

Finally, the key to all our efforts to work with governments around the world is the institution of the Department of State. As a result of budget cuts made to date, the infrastructure of this department is threatened. We must reverse the personnel reductions at home and overseas. And we must provide the technology and support for our worldwide operations. If we do not, we will have less understanding of developments abroad, less ability to influence those developments, and insufficient resources to gain support for policies serving our interests.

Promoting U.S. Prosperity

Let me turn now to the second great goal of U.S. foreign policy: promoting domestic prosperity. Americans usually suppose that their prosperity is largely determined by the monetary and fiscal policies we pursue at home; the fact is, however, that economic conditions abroad are having a crucial impact on the health of the American economy. About 40% of our exports go to the developing countries. The accepted rule of thumb is that \$1 billion of exports is equivalent to about 26,000 jobs. The developing countries have accounted for more than half of the growth in U.S. exports since 1975. Approximately 1 out of every 20 workers in our manufacturing plants and 1 out of every 5 acres of our farmland produce for Third World markets. I might add that 2 out of every 5 acres of our farmland produce for export. That's how interrelated our farm community is with the international community.

Current economic stagnation of a large number of developing countries has vividly—if painfully—highlighted these relationships. For example, between 1981 and 1985, the countries of Latin America and the Caribbean experienced a sharp decline in their real incomes. Our exports to that region during the same period dropped by over \$11 billion—equivalent to almost 300,000 jobs. In Africa, our exports dropped by \$1.5 billion. That's another 40,000 jobs. There's a direct correlation.

It has long been obvious that by promoting economic development we make a direct contribution to our own nation's economic well-being. For example, in 1960, Turkey's per capita income was about \$500; Pakistan's was barely \$100 per year. By 1985, both countries had more than doubled their incomes and

had become major purchasers of U.S. products. Since 1979, U.S. exports to Pakistan have doubled; to Turkey they have nearly quadrupled. So I think you can see a hard interest which is served, over time, in generating markets by our assistance programs.

I hope these illustrations make clear that in order to promote our own long-term economic prospects, we must promote economic growth in the developing countries. It was with such ends in mind that we initiated a comprehensive plan—the Baker plan—to get developing countries on a path of sustained economic growth. The Baker plan calls for bold and often courageous economic reforms to be supported by the multilateral banks, the private sector, and bilateral aid. For the major debtor countries, the plan calls for substantial increases in commercial bank lending, in loans from the World Bank and from bilateral donors. For the low income countries, mainly in sub-Saharan Africa, IDA [International Development Association] funds, IMF [International Monetary Fund] reflows, and bilateral grant aid would be used for this creative effort.

But last year, the first year the plan was operative, our funding request for the multilateral banks was cut by a third. Similarly, bilateral funds were slashed to a level where we could only provide 30% of the resources necessary to support economic policy reforms in Africa. Clearly, it wasn't only foreign nationals who were hurt by these cuts. All those Americans whose livelihood depends on exports to the Third World were victimized as well. And I need scarcely remind you of the consequences to our domestic banking system—and, indeed, the entire world financial system—should major overseas debtors be thrown into default.

The cuts in our support for the World Bank and the other multilateral banks are especially damaging. Not only are these institutions at the forefront of our efforts to get the economies of our friends and trading partners in Africa and Latin America back on their feet; they are also just about the most cost-effective tools we have for leveraging resources for these countries. The United States puts up only a small fraction of the funds mobilized by the World Bank. For every dollar the United States contributes to the International Development Association, the World Bank's

affiliate for aiding the poorest countries, other countries contributed three. Conversely, when the United States fails to follow through on its commitments, this reduces the World Bank's lending capacity far more than the actual cut in U.S. support.

To illustrate the devastating impact of budget cuts on our friends in the Third World, I would like to paraphrase the message I received last month from our ambassador in the Dominican Republic. He reported that during a call on President Belaguer, he informed the President that the U.S. sugar quota had been cut almost in half, costing the Dominican Republic over \$46 million in foreign exchange earnings. Our economic assistance to Santo Domingo had simultaneously been reduced by \$30 million and our military assistance slashed by over 50%. Our ambassador concluded the conversation on an ironic note by wishing the President a Merry Christmas and a prosperous New Year. Incidentally, this is the same Dominican Republic that President Johnson considered so important to our interests in 1965 that he sent over 20,000 U.S. troops there.

Promoting Democratic Values

The United States also has a vital stake in promoting democratic values and institutions. This isn't starry-eyed idealism; it is realism. Democratic nations respect the rule of law both domestically and in foreign affairs; they grow more rapidly, and they are more stable internally, more capable of resisting subversion through their own efforts. Thus, in promoting democratic values and human rights, we are protecting our security and prosperity as well as advancing our most fundamental ideals.

One country where our successes in this area are especially noteworthy is the Philippines. There, President Aquino offers genuine hope for establishing a stable, democratic, and prosperous country. U.S. military and economic assistance is essential to the fulfillment of these goals. For FY 1988, we are seeking \$261 million for the Philippines as a tangible demonstration of our unequivocal commitment to the Aquino government—and to the stability of the environment where two of our most important overseas bases are located.

In Central America and the Caribbean, as well, our continuing policy of support for prodemocratic forces is enabling democracy to take root and become self-sustaining. A few years ago, critics of U.S. policy toward Central America were skeptical that democracy could ever gain support in an environment where history and economic hardship seemed to conspire against it. They are less skeptical now. They have seen the people themselves, in one free vote after another, demonstrate their belief that democracy is the road to a better life for themselves and their children.

But the new democracies of Central America and the Caribbean desperately need our economic support. The President's Caribbean Basin Initiative and the recommendations of the National Bipartisan Commission on Central America provide a comprehensive national strategy for such support. Last year, the Congress sought to provide an additional \$300 million in support of the Central American democracies. But since the Congress did not appropriate additional funds to fulfill that mandate in its entirety, we will have a cumulative shortfall from the recommendations of the Kissinger commission of over \$800 million through FY 1987.

The Voice of America (VOA) and Radio Free Europe/Radio Liberty also play an essential role in promoting democratic values and undermining the monopoly on information which is a key element in the Soviet and East European governments' mechanisms for maintaining their authority. The most striking example over the past several years of the power of such broadcasting occurred in connection with the nuclear accident at Chernobyl. Western radio broadcasting spread news of the accident to the population of the U.S.S.R. and Eastern Europe and compelled the Soviet Government to address the concerns of its own people and its Warsaw Pact allies. The Soviet media became far more informative on Chernobyl following reports on the accident already circulating from Western broadcasts. Indeed, the Polish Government advised the country's citizens to listen to VOA for authoritative information on the accident.

Yet much of the equipment we use to get our message across is woefully outdated. In 1983, for example, President Reagan went to the Voice of America's Washington studios to deliver a radio address transmitted live to the U.S.S.R. and other parts of the world in

various languages. His appearance was only the second such visit to VOA by a U.S. President; the first was by Dwight Eisenhower, who broadcast a message to the world in February 1957. The Reagan message 26 years later was delivered from the same VOA facility that Eisenhower used—with the same electronic equipment. VOA has undertaken a modernization program in recent years, but it still has a long way to go. The VOA has 6 superpower transmitters; the Soviet Union has 37. The VOA broadcasts in 42 languages; Radio Moscow in 80. We can easily win the battle of ideas, if we have the resources to do so. After all, we have the winning ideas, and we simply must put up the resources to get them across.

Humanitarianism

Let me turn to another broad goal of American foreign policy—our humanitarian efforts. The American people can be justifiably proud of their humanitarian instincts. Over the past few years, the assistance we have provided has meant the difference between life and death for literally millions of Africans who faced the worst drought and famine the continent has experienced in this century. During the height of this crisis, the United States provided 2.2 million metric tons of food aid at a cost of over \$1 billion; another \$150 million was spent to provide medicines, shelter, wells, and the other immediate needs for those worst affected by the drought. This was all in addition to the regular economic assistance we provided during the same period.

Similarly, assistance to Colombia for its volcanic disaster, major earthquake relief efforts in San Salvador and Mexico City, and our support to combat locust infestations in 17 African countries are activities of which the U.S. Government can be proud. Our support for the World Health Organization and UNICEF has helped rid the world of some of the most deadly and contagious diseases and has dramatically reduced infant mortality.

Our assistance to the world refugee population is especially noteworthy. In the 6 fiscal years since the passage of the Refugee Act of 1980, the American people have offered new homes to more than half a million refugees—a population greater than that for all other resettlement countries combined. And we have profited a great deal by doing so.

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Indeed, we know from experience that every generation of refugees has made enormous contributions to all sectors of our society. Just look at those who fled from Nazi Germany, from the Soviet Union, and from Cuba. The benefits this nation has gained from the refugees who have sought sanctuary here are incalculable.

Our position as the acknowledged leader in assisting the world's refugees—the victims of oppression in their own homelands—is further demonstrated by our generous financial support to multilateral and bilateral refugee relief programs. The strong, sustained interest of the congressional committees which oversee these programs has enabled the United States to fund annually more than 25% of the international community's total contribution to the world's more than 10 million refugees.

But it seems to me that what we all seek is the end of the conditions which create the need for many of these emergency programs in the first place. Obviously, we cannot eliminate natural disasters, but we do have the ability, the moral imperative, and the national interest to confront the manmade causes of poverty and repression.

Our assistance programs do just that. It is political, economic, and social turmoil that causes vast numbers of people to flee their homelands. Conversely, the development of democracy and expanded economic opportunity can dramatically reduce the number of people compelled to abandon their native lands.

The War on Narcotics

Stemming the flow of narcotics into the United States is another major priority for all Americans, regardless of political affiliation. But this is a costly undertaking. You cannot just force farmers in most drug-producing countries to stop growing their best cash crop without offering them economic alternatives. You cannot expect the governments of these nations to launch major programs without the economic resources to sustain them. And you can't expect drug traffickers and narcoterrorists to give up their very lucrative business without putting up a fight—and, in fact, they are working overtime to elude interdiction efforts and undermine democratic institutions by intimidation, corruption, and violence. Thus, if we're serious about stemming the flow of drugs into

our country, we must be prepared to use every resource at our command—economic and military assistance as well as narcotics control funds.

This is what we are doing, for example, in Bolivia. Our military assistance is buying trucks and boats which the army and navy need to carry police forces to raid laboratory sites; our development assistance is being used to promote rural development and small industry, thereby helping farmers to stop growing coca for their livelihood; and our narcotics control money is being used to pay for police interdiction activities and public education.

The democratic Government of Bolivia is embarked on a courageous battle, putting its very survival at stake, to shut down the second largest source of cocaine to the United States and Europe. Bolivia's leaders invited U.S. forces into their country last summer to assist in destroying cocaine laboratories in Bolivia and in so doing drove the sales price of coca leaves below the cost of producing them. Now they want to follow up with legislation which will attack the problem systematically and comprehensively. However, this means depriving as many as 350,000 people, one-sixth of their population, of their current means of livelihood and helping these families with alternatives. Impoverished Bolivia cannot accomplish this herculean task, so important to us, without a substantial increase in our assistance.

The other Andean countries of Peru, Colombia, Ecuador, and Venezuela are also engaged in a war against narcotics traffickers and the M-19 terrorists. These countries signed a treaty this past year—named in the memory of the Colombian Minister of Justice slain by narcotics traffickers—pledging regional cooperation against narcotics trafficking and production. And they are following up on their pledge with concrete actions.

- Colombia has eradicated 85% of the marijuana cultivated in traditional growing areas through an aerial herbicide program, using U.S.-provided aircraft and communications equipment.

- In Peru, the Garcia government is actively engaged in the eradication of coca and has aggressively destroyed laboratories and airstrips used by cocaine traffickers. Additional program support in FY 1987 is essential to reinforce Peru's initiatives in narcotics control.

These successes demonstrate how critical our resources are in winning the battle against narcotics. If we cannot provide this vital assistance to the Andean nations, we will not only be sending a signal that we are unreliable and indifferent to their problems; we will also set back our own campaign to create a drug-free America. Yet funds we planned to make available to the Andean countries were slashed by almost half because of budget cuts we sustained this year.

Finally, waging an effective war on drugs requires us to cooperate with friends and allies through the drug agencies of the United Nations. The UN narcotics agencies share our goals; they are working to gain control over the production and abuse of psychotropic substances. In addition, this year the United Nations will probably complete a convention on illicit trafficking which will support our own national policies. Here, too, however, budgetary constraints may force us to reduce further our funding to UN agencies dealing with narcotics issues.

Combatting Terrorism

I need not belabor the threat of terrorism before this committee. In 1985, the last full year for which we have detailed analysis, we counted nearly 800 international terrorist incidents. A third of those incidents caused casualties, with over 800 killed and 1,200 wounded. These figures tend to understate the actual level of terrorist activity, since incidents confined to one country, with the nationals of only one country involved, are not included.

Knowing as you do the figures presented by the Inman commission, you realize that protecting ourselves against terrorism does not come cheaply. Dear as protection is, however, we know that the money is necessary. Aggressive intelligence analysis, heightened security awareness, and enhanced physical security helped to thwart 120 planned terrorist incidents last year. Although protection of sources and methods preclude my making public all these examples, I can cite a few.

- In Baghdad, there is little doubt that the 9-year-old daughter of our deputy chief of mission escaped death or serious injury when the reinforced glass in the residence windows withstood the blast of an Iranian surface-to-surface missile which exploded nearby.

- Reinforced window structures probably saved lives when a 122mm rocket struck the residence of our ambassador in Beirut.

- Vehicles as well as structures must be protected. In Central America a mission staffer's official vehicle was hit by six different bullets, none of which penetrated the armor.

But let me make it clear that our efforts to counter terrorism extend beyond looking after our own. We, of course, have a special responsibility to those we send abroad to conduct the nation's business, but most of the millions of Americans who live, work, and travel abroad will not be saved by thicker armor and more guards. There is not enough brick, mortar, and armor plate to protect all our citizens and interests. We cannot, must not, just sit and wait for terrorists to strike. We must continue to address the terrorist problem more assertively.

The use of force must always be present in our list of options. But there is more to an aggressive counterterrorist policy than using force against terrorists. We must and do work with other nations to identify, track, apprehend, prosecute, and punish terrorists. This requires that we:

- Closely cooperate with other nations on counterterrorism efforts;
- Persuade those nations reluctant to cooperate in combating international terrorism; and
- Provide training and other assistance to those with the will but not the means.

Cooperation such as this has begun and is showing results. This progress is manifested in a series of joint declarations, such as those at the Council of Europe in Strasbourg, the declaration at the economic summit in Tokyo, by the European Community, and by the NATO Parliamentary Assembly. The progress is more than rhetorical. Nations are increasingly adhering to the rule of law, instead of sometimes releasing captured terrorists. Terrorists have been convicted in London and Berlin and indicted in Ankara. Other trials are coming up in Rome, Madrid, Karachi, Vienna, Valletta, and Paris. These declarations and prosecutions would not have been possible without increased international cooperation.

We and other countries are also strengthening the existing extradition treaties. For example, the Senate last year ratified the amended extradition

treaty with the United Kingdom. We are also drafting amended treaties with other nations to make it more difficult for terrorists to avoid extradition on the pretense that they were committing "political acts" rather than criminal deeds.

Our efforts to promote international cooperation against terrorism in the specialized agencies of the United Nations are also beginning to bear fruit. The International Maritime Organization has adopted measures to assist countries in protecting ports, ships, and passengers. It is currently working on a convention which will strengthen the ability of the international community to punish or extradite terrorists acting against ships and crews. Similar measures are in train or have been taken by the International Civil Aviation Organization. These are actions we have initiated or supported. Regrettably, budget cuts have prevented us from meeting our relatively modest assessments to both the International Maritime Organization and the International Civil Aviation Organization.

These successes only represent the opening shots in the war against terrorism; more, much more needs to be done. Yet now, of all times, the United States is having trouble of its own in the battle against terrorism. Our hearts are in the right place, but where are our resources? We have been unable to obtain enough funding to strengthen our embassies and other overseas facilities as quickly as we should against terrorist attacks. We have difficulty in finding the money for antiterrorism research and development on such projects as coming up with better ways of detecting explosives or chemical and biological agents at a time when the terrorists are becoming more innovative.

The information and insight necessary to fight terrorism dramatize the need for a professional and vigorous U.S. Foreign Service. To take account of developments abroad in the formation of policy, we need accurate and up-to-date reporting on political and economic conditions around the world. Bear in mind that over three-quarters of the reporting and analysis used by the U.S. Government comes from Foreign Service officers stationed around the world. These are the same officers who also work to gain support for our policies. Yet we will have to reduce sharply our overseas staff; we are being forced to shut down another seven consulates, in addition to the seven posts closed last year; and we have to cut back on our foreign language training at overseas posts by 50%.

Make no mistake about it. Our ability to understand and influence the international environment in support of the interests of the United States is dependent on a strong, career Foreign Service. Though a small part of the international affairs budget, a sound foreign affairs infrastructure is essential. In seeking to maintain it, we face direct budget cuts, massive exchange rate losses, and differing rates of inflation. But we must find the necessary resources, since that will determine in large part whether or not we can successfully pursue a coherent, sound, and strong foreign policy.

We in the Administration and you in the Congress must make many difficult choices in these times of severe fiscal restraint. As we make those choices, many of which deal with the vigor of the national economy and the health of our society, we must not impair our ability to influence a world which will set the limits to our national possibilities.

Conclusion

I hope my presentation today has helped to clarify just how the foreign affairs budget enables us to pursue our specific national interests. But as I pointed out at the outset of my testimony, over the past 2 years, Congress has reduced the foreign affairs budget far too drastically. Unless we take action now to reverse current trends, many foreign policy gains we have made in recent years could be wiped out.

What, then, must be done to narrow the gap between our interests and our capacities to pursue them? Well, the obvious first step is to restore the funds that have been cut and review the obstacles to using our funds as effectively as possible. But we must do something more. We must also relearn an old and very important lesson—a lesson which was well-understood 40 years ago but is in danger of being forgotten today.

This fundamental lesson is that it takes resources—modest, but sustained, and applied credibly over time—to advance the national interests of the United States. The expenditure of such resources is not a "giveaway"; rather, it is an essential investment in a better future for ourselves and our children.

How do U.S. resources advance American interests abroad? The Marshall Plan is a dramatic example.

Designed to restore a war-ravaged Europe and prevent the spread of communism, the plan cost American taxpayers about \$14 billion. When it was first proposed in 1947, critics of the plan argued that it was wrong to use taxpayers' money for Europe's internal needs. But their opposition was overcome—and rightly so. For today it is clear that the Marshall Plan was not simply an act of giving on an unprecedented scale. It also saved Western Europe from Soviet domination—and saved the United States from the disastrous consequences that a Soviet-dominated Europe would have had on our national security, our economic prosperity, and our democratic values.

The success of the Marshall Plan 40 years ago demonstrates that foreign affairs is not always a "zero-sum game." We do not necessarily advance our own vital interests at another nation's cost. On the contrary, more often than not, the most effective way of promoting our basic goals is by working with others to achieve their basic goals. That is what a Democratic President and a Republican Congress understood in 1947 when they allocated 11 cents out of every Federal dollar to fund the Marshall Plan. And that is what I hope you will all bear in mind as you consider the President's request to allocate only two cents out of every Federal dollar to support the whole foreign affairs budget.

Let me conclude by taking note of a happy coincidence. This year marks the bicentennial of the Constitution and the 40th anniversary of the Marshall Plan. Both of these milestones should lead us to pause and reflect on the nature and purposes of American government. The bicentennial reminds us that it is possible to establish a government powerful enough to meet its global responsibilities, yet sufficiently constrained to be able to safeguard the rights of individual citizens. The Marshall Plan reminds us that when our government has a clear sense of purpose, it can change the course of world history for the better. It is still within our power to change the course of world history for the better. The opportunities are there. We need only to grasp them.

¹Press release 36 of Jan. 26, 1987. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Nicaragua: The Moral and Strategic Stakes

Secretary Shultz's address before the American Bar Association in New Orleans on February 12, 1987.¹

As Americans, we have all grown up knowing certain fundamental facts about our country. We know that we are free and have fought to remain so. We know that we are strong and must sacrifice to remain so. We know that the world is dangerous but that in it we have allies who have helped us and whom we have helped. And we know that we are surrounded by friends and oceans and that throughout our history our enemies have, blessedly, been far away. For more than a century and a half after the proclamation of the Monroe Doctrine, this latter fact—that geography is our ally and our neighborhood is peaceful—has been a key to our security and our ability to protect our interests by projecting power across the globe.

The oceans have done more than help to preserve our security and independence. They have also enabled us to cultivate freedom. Since the American Revolution, our hemisphere has stood for something: for opportunity; for the chance to start over; for the freedom to choose your own leaders and way of life; for tolerance. What was new about the New World was not just its break with the past but the insistence that freedom was the proper measure of nations.

The realities of the New World have often fallen tragically short of these ideals. The majority of this hemisphere's citizens have not enjoyed the blessings and opportunities of North America. Nor was there freedom here for prequest natives or for those who arrived afterward as slaves. Latin America has suffered dictatorship and instability for most of its history. As recently as a few years ago, only one-third of Latin America enjoyed democratic government.

Now all that is changing—a change that bears witness to the power of our shared ideals. Over the past 10 years, Latin America has experienced an extraordinary democratic awakening. In country after country, from Argentina to El Salvador, civilian rule has replaced military dictatorship. Today, 90% of the people of Latin America and the Caribbean enjoy democratic government.

Latin America's turn to freedom is a moral victory for democracy, self-determination, and the rule of law. For the United States, it is a victory with strategic importance as well. Technology in the postwar era has shrunk the globe, while politics has divided much of it into two opposing camps. Faced with a smaller world and powerful adversaries, the free nations have learned that we must band together against common threats to our security and civilization. Thus, the democratic explosion in Latin America is not only a triumph of the spirit; it is a strategic asset for the United States and its allies.

In Latin America, therefore, our moral principles and strategic interests coincide. The United States believes and affirms that—and I quote from the Charter of the Organization of American States (OAS)—“The historic mission of America is to offer man a land of liberty.” We recognize, moreover, that the security of this hemisphere depends on our own determination to keep would-be aggressors at bay.

Strategic Realities

Early in the Second World War, German U-boats destroyed U.S. merchant shipping in the Caribbean at a faster rate than we could replace it. We saw then that there are limits to the security offered us by oceans and friends. Nevertheless, we have continued to base our strategic doctrine on forward defense and on collective defense.

This has meant that we have been spared the burden borne by many countries of drafting our youth into large standing armies to defend our own borders. We have also managed to reduce the costs of a modern defense establishment by not having to maintain the quantity of ships and planes around our own perimeter that would be required if there were a greater threat in our own neighborhood or if we did not have a network of friends to participate in our mutual defense efforts.

One serious blow to this hemisphere's security was struck in 1959, when Fidel Castro established a communist dictatorship in Cuba and brought that island into the Soviet camp. In short order, it became clear that Castro was a

communist, that he was a thoroughly dependent and dependable ally of the Soviets—so much so that they sought to deploy nuclear weapons in Cuba but, in the event, were not able to do so because of our firm and determined opposition.

Today, the Soviet Union does, however, use Cuba as an important military base in this hemisphere. From Cuba, the Soviet Union flies reconnaissance flights up and down the east coast of the United States; in Cuba, the Soviet Union has a port of call for its submarines; from Cuba, the Soviet Union monitors U.S. communications, using one of the largest and most effective electronic surveillance sites in the world. Cuban troops act as Soviet surrogates in Ethiopia and Angola; the Cuban Government smuggles arms and provides aid and training to guerrillas and terrorists throughout the Western Hemisphere. In the event of a conventional war in Europe or the Persian Gulf, Cuba would constitute a threat to our ability to aid our allies and defend our strategic interests in those vital regions.

We have managed to contain the threat posed by the Soviets' use of Cuba as a strategic platform and as a base for subversion in our hemisphere. But make no mistake about the costs. We risked nuclear confrontation with the Soviet Union over the removal of their missiles. Today, we must spend billions to strengthen our counterintelligence apparatus and our naval and air defenses against Soviet use of an island 90 miles off our shore. We have responded to our friends in the Caribbean by helping them rescue Grenada from the consequences of Soviet expansionism. And we have had to spend hundreds of millions building up defenses of Cuba's neighbors against Castro's guerrillas and the terrorists they train.

Fortunately, many of us have also learned some lessons from the Cuban experience. We learned that as much as our sympathies as a revolutionary nation may lie with those who overthrow dictatorships, revolutions can be subverted by armed communists into more enduring and repressive forms of tyranny. We learned that, even though the Western Hemisphere united early on in its resolve to contain the Soviet and Cuban threats, the communists, over a quarter century, in the absence of any effective internal opposition, were able to increase their usefulness to the strategic designs of the Soviets. And we learned the value of such an outpost to the Soviet Union, which spends over \$4 billion every year

to sustain it—three times what the United States spends for all forms of bilateral assistance in all of Latin America and the Caribbean.

In 1979, another Latin American regime emerged that began almost at once to betray its pledges of democracy, to engage in armed intervention in the affairs of its neighbors, and to invite a massive presence of forces hostile to the Western democracies onto the American mainland: Nicaragua.

The Case Against Nicaragua

Betrayal of Democracy. We see here a betrayal of democracy. The war against Somoza was fought by business and labor, by the church and the press. One week before Somoza's fall in July 1979, the Nicaraguan junta members assured the Secretary General of the OAS in writing that the junta was establishing a broad-based, democratic government in Nicaragua. Within a year, however, the two noncommunists on the junta, Violeta de Chamorro and Alfonso Robelo, were forced out, as the communists continued to consolidate control over both the government and the armed forces. The promised elections were not held for 5 years, and then only under rules carefully engineered by the communists and after attacks by the so-called divine mobs on the political opposition.

Mrs. Chamorro's *La Prensa*, the largest independent paper in the country, soon came under censorship and was shut down in 1986. One by one, all other independent voices—including the Catholic radio station—were silenced. Archbishop Obando y Bravo, who had courageously defied Somoza, found himself isolated and vilified when he tried to call attention to the abuses of the communists. Several of his priests were set upon by the government-backed mobs or expelled by the *comandantes*.

Democratic labor unions were crushed by the authorities and replaced by communist-dominated fronts. Selected business leaders were detained. Some were murdered. The climate for private enterprise became so inhospitable that the economy went into a nose-dive and agricultural production collapsed. Just this month, private sector leaders called a press conference to announce that "private enterprise is arriving at its end." More than 7 years after taking office, the *comandantes* proclaimed a new constitution, replete with a host of hidden provisions to assure their total control—only to suspend even

the appearance of civil guarantees 3½ hours after proclaiming them to the world.

We care about the people of Nicaragua; but our interest goes beyond simple concern. The new Charter of the Organization of American States provides that "representative democracy is an indispensable condition for the stability, peace and development of the region."

Armed Intervention. There should be no mistake about the threat that the communist regime in Managua poses to that region. Having declared their fealty to the "principle of revolutionary internationalism," as they call it, at a September 1979 meeting of the party's leadership, the *comandantes* set out vigorously to implement it.

El Salvador became the first target. In June 1980, Managua offered the Salvadoran guerrillas a headquarters for their military high command, along with advice, materiel, and a promise to assume "the cause of El Salvador as its own," they said. The flow of arms from Nicaragua to El Salvador surged in preparation for the communists' so-called final offensive against the Government of El Salvador in January 1981. Shipments have continued at varying levels of intensity ever since. Today, the military leadership of these communist guerrillas continues to operate from Managua, which also serves as a communications hub, medical evacuation site, rest and recuperation center, and major transit point for guerrillas trained in Cuba and the Eastern bloc.

Guatemala was another early target. Its four guerrilla groups signed and dated their statement of "revolutionary unity" in Managua in November 1980.

Honduras became subject to Nicaraguan aggression as a result of its being on the land transit route of arms from Nicaragua to El Salvador. In January and April 1981, Honduran authorities intercepted two large arms shipments. In March 1981, Honduran terrorists hijacked a Honduran airliner to Managua to obtain the release of 10 Salvadoran guerrillas who were then flown to Cuba. A series of terrorist acts followed. Nicaragua has also made incursions into Honduran territory with its regular armed forces.

Costa Rica, despite its early support for the Nicaraguan revolution, was not spared. Beginning in March 1981, Costa Rica erupted in a series of terrorist acts linked to Nicaragua, whose defense

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minister expressed his disdain for Costa Rica's "bourgeois democracy." On May 31, 1985, Nicaraguan Army troops fired on a Costa Rican Civil Guard unit in an unprovoked attack. Costa Rica—which has no standing army—remains particularly vulnerable to the Nicaraguan military machine.

Colombia became a more recent target. When the M-19 guerrillas attacked the Palace of Justice in 1985—judges and lawyers, here, pay attention—and murdered members of the Colombian Supreme Court and others, they used weapons supplied by the Nicaraguan communists.

And we see the pattern today. We see the joining of the drug traffickers and the terrorists. The drug traffickers provide the money, and the terrorists provide the muscle. And when members of the court are set to rule on extradition of drug traffickers and criminals, this unholy combination sets out to murder them and intimidate them, intimidate the government, and intimidate the process of justice, and these people have safehaven in Nicaragua.

All of the above charges have been documented in State Department publications, particularly the September 1985 report, "Revolution Beyond Our Borders" (Special Report No. 132).

Within a year of seizing power, the *comandantes* had created an armed force twice the size of Somoza's. Today, their 75,000-man active duty force is by far the largest in Central America.

A Soviet Stepping Stone

Let me read you an excerpt from a 1986 report by our embassy in Managua, obviously written by somebody who had experience elsewhere.

The Nicaraguan communists celebrated their anniversary this year on November 7, exactly the anniversary date of the Bolshevik Revolution in Russia. . . .

For anyone who has been in Moscow's Red Square on November 7, what happened here on that day and the next was redolent with similarities evoking those sounds and sights.

All of the things present in Moscow, or almost all, were to be found in Managua on the day of its parade, November 8. Just as the Soviet Defense Minister begins ceremonies by taking the salute of his troops standing in an open car before returning to the top of the Lenin mausoleum to join his colleagues for the march past, so Humberto Ortega did the same in Managua to recorded hurrahs of the troops. Then the parade began with various Sandinista units marching in tightly formed

squares using the port arms' tradition of the Soviet forces and the goosestep borrowed from the Prussians by the last czars for their household regiments, but in our time sharply odorous of Nazi parades.

Then came armored personnel carriers, towed artillery, and tanks. The only thing missing from the Soviet model were the intercontinental ballistic missiles with the warheads painted red which always bring up the end of a Moscow parade.

The Nicaraguan troops are uniformed exactly like Soviets, the marines looked just in from the Baltic Fleet at Kronstadt. The infantry formations could have been Soviet regiments uniformed in sand-colored fatigues for Afghanistan.

The T-55 tank commanders in their leather helmets were directly out of a Soviet armored division, and the reservists carried in Soviet trucks with their wide-beamed Soviet helmets recalled the motorized rifle divisions one sees in the Western military district of the Soviet Union.

The first Cuban military advisers arrived in Managua the day the new government took over. Soviets, East Germans, Libyans, North Koreans, Bulgarians, and PLO [Palestine Liberation Organization] members joined them in short order. Today, some 7,000-8,000 military and civilian Eastern-bloc "advisers" play a role in all aspects of Nicaraguan life—including the organization of such critical functions as the state security apparatus.

The first Soviet-made armor arrived in Nicaragua in early 1981. The mainstay was some 110 Soviet-made T-55 medium tanks, with the amphibious capability to which the *comandantes* have now added some 30 Soviet PT-76 light tanks. None of Nicaragua's neighbors have such weapons.

Like Cuba, Nicaragua is becoming a strategic asset to the Soviets. At Punta Huete, the Nicaraguans, with Cuban assistance, have built a 10,000-foot airstrip—large enough to handle any aircraft in the Soviet arsenal, from high performance MiG fighters to reconnaissance planes (some of which have already begun operations in Nicaragua) to Bear bombers. A naval port on Nicaragua's Pacific coast would enable the Soviets to fuel and service submarines. In short, in Nicaragua the Soviet Union is putting in place the means to threaten our ability to assist our Asian allies and defend our shipping lanes—just as today, from Cuba, it threatens our links to Western Europe and the Middle East.

In outlining the preceding charges against Nicaragua, I have placed considerable emphasis on the period from July 1979 until the end of 1981. By all

accounts, including the Nicaraguan communists themselves, they faced no significant armed threat, either internal or external, at that time. Somoza and his apparatus had been swept aside by a broad popular revolution with help from democracies around the world. The United States supplied \$118 million in economic assistance during that period—one of the highest per capita levels anywhere. We were wary of the self-proclaimed communists in the government but were willing to give the coalition a chance. It was only in response to the clear-cut Nicaraguan actions—crushing the internal political opposition, conducting armed aggression against its neighbors, and abetting a Soviet security threat to the United States—that our government embarked on its present course of action.

The U.S. Response

The United States has always opposed intrusion into this hemisphere that threatens democratic and independent government. When President Monroe announced the doctrine that bears his name in 1823, it was in response to the threat that the Holy Alliance would reestablish monarchies in those countries which had declared their independence of Spain and Portugal.

In the 1930's when war clouds were gathering in Europe, President Roosevelt pushed vigorously for arrangements with our Latin American neighbors to defend this hemisphere against the Axis Powers. Before World War II, we agreed with our southern neighbors on many cooperative arrangements to strengthen the countries in the hemisphere, including a collective security arrangement that became a formal treaty obligation in 1947. It was this same Rio Treaty that President Kennedy relied on in 1962 during the Cuban missile crisis. So our concern about Soviet bases in Cuba, and about the steady development of Nicaragua as another Soviet base of operations, is not unique in our history. Quite the contrary: we seek to sustain a policy that has been fundamental to our security and truly bipartisan through all administrations for some 200 years.

Our policy in Central America is solidly based on treaties and international law. When the *comandantes* in Nicaragua, through their support of guerrillas seeking to overthrow the governments of their neighbors, committed unprovoked and aggressive acts in violation of the Charters of the United

Nations and of the Organization of American States and of the Rio Treaty, they thereby triggered an obligation on the part of the United States to deal promptly and effectively with this aggression. It is, of course, not only an obligation of the United States, but of all members of the Organization of American States. We, and our friends in Central America, have taken self-defense measures which are entirely consistent with our treaty obligations. We intend to continue those measures until effective steps have been taken to remove the threat posed by Nicaragua in Central America.

Our actions in Central America are in pursuance of a comprehensive national strategy. After years of national debate, false starts, legislative restrictions, and *ad hoc* remedies, the United States last October enacted legislation—"... promote economic and political development, peace, stability and democracy in Central America, to encourage a negotiated resolution of the conflict in the region... and to enable the President to provide additional economic assistance to Central American democracies as well as assistance for the Nicaraguan Democratic Resistance..."

Many of the programs to implement the strategy voted out by majorities of both Houses of Congress and signed by President Reagan have been in place for some time; some were initiated by the previous Administration. Bipartisan support for democratic government has yielded dramatic results in El Salvador, Honduras, and Guatemala. The Caribbean Basin Initiative and the economic measures undertaken in response to the report of the National Bipartisan Commission on Central America chaired by Henry Kissinger have given new hope for the economic development of the Central American region. We have worked—with the ABA, in fact—to improve the administration of justice by building the skills, facilities, and techniques of lawyers, judges, and prosecutors throughout the hemisphere. Our military assistance, which has been about one-third as much as our economic assistance, has helped El Salvador to turn back Nicaraguan-supported guerrillas and has given a new sense of confidence to the region in general.

Last year, a bipartisan majority in Congress added a new feature to our strategy which the President considered essential—a credible element of pressure to persuade the *comandantes* in Nicaragua to come to the bargaining table to

talk seriously. In our democratic society we are accustomed to bargaining for the general welfare and deciding things by majority rule. Dictatorships do not bargain that way—they are used to dictating terms from the barrel of a gun. They are willing to make concessions which we would regard as reasonable *only* if enough leverage is exerted to make it in their interest to do so. The only objective of these dictatorships is to remain in power and to reap the rewards that power bestows.

The Nicaraguan Democratic Resistance and the Nicaraguan opposition in general have been trying to get the *comandantes* to the bargaining table. So have the Central American democracies. So have we. The resistance has grown from a handful in 1982 to a force of some 20,000 Nicaraguan volunteers from all elements of society. Despite their inexperience in dealing with the Sandinista army, trained and equipped by the Soviets and the Cubans, and our own inconstancy in supporting their fight against communist oppression, they have held on. They are prepared to add their strength to a Nicaraguan population that wants freedom but has become dispirited through vigorous repression by their own government and a seeming lack of will and vigor on the part of neighbors whom they thought they could depend on. It is simply unrealistic to expect the Nicaraguan people, held hostage with a gun at their head, to put down their oppressors without some guns in their own hands provided by friends and neighbors.

We have cooperated in the Contadora process as one way of achieving a negotiated resolution of the issues and of bringing to an end Nicaragua's violation of its treaty obligations. But we have not been content to sit idly while the *comandantes* stall on an agreement so that they can consolidate another Soviet stronghold on the mainland. We have waited for over 4 years while the *comandantes* have stubbornly resisted any serious discussion in the Contadora process of democracy in Nicaragua and any cessation of their massive arms buildup. Special emissaries of the President have met with the Nicaraguan *comandantes* and repeatedly with other concerned Latin American leaders. I went to Managua myself for a meeting.

The United States has remained constant in its support for a comprehensive, verifiable, and simultaneous implementation of the 21 objectives agreed on by all

countries in the Contadora peace process. We are naturally concerned because Nicaragua has avoided since 1983 any serious effort to implement these objectives. Instead, the regime has persuaded the Contadora countries to go on to other statements and other draft proposals that ignore the basic issues.

Our policy objectives are very straightforward. We want a democratic government in Nicaragua. We want the regime there to stop persecuting its people, to respect human rights, and to stop subverting its neighbors. We want the foreign military personnel to go home, whether they are from the Soviet Union or communist Cuba. We do not want Nicaragua to be a base for our enemies. Nor do Nicaragua's neighbors. The military establishment in Nicaragua must be reduced to what is acceptable to Nicaragua's neighbors so that they do not feel threatened. Nicaragua's leaders must meet the standards that they have set for *themselves* when they promised democracy, respect for human rights, and a fair system of justice.

The *comandantes* have a choice: they can keep the promises they made to their people and the international community to get into power, or they can accept the risk of more violent and less voluntary changes down the road. No one knows how change will come in Nicaragua or what kind of victory it may require. But this much is certain: Nicaragua will change. The tyranny there is out of step with the aspirations of the Nicaraguan people and the realities of this hemisphere. Nicaragua—as the communists might say—is on the wrong side of history.

Our strategy on Central America is sound. It is rooted in our historic policy of a hemisphere free from alien dictators and oppressors; and it is consistent with traditional standards of international law, our treaty obligations, and our own laws.

Our right of self-defense, and of collective defense with our democratic allies, is an inherent and necessary aspect of our sovereign rights. We cannot abandon the very fundamentals of American liberty and security because the choices are difficult and the going tough. Today's controversy over the Iran arms deal must be dealt with as a matter of purely domestic concern. It is irrelevant to the strategic and moral realities we face in this hemisphere. Our laws must be obeyed and enforced, as the President has made clear. But decisions regarding the security of our nation must look beyond a session of Congress

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or a presidential term. Those making such decisions must consider the legacy they leave to a future Congress—to all of their successors—and, most of all, to the American people.

It is already evident that the *comandantes* in Nicaragua are bent on a course that poses a threat to our security. No matter how they disguise it or how skillful they are in manipulating public opinion and the media, it is a threat that will ultimately affect the security of our treaty partners and the United States. Unless we meet this threat now, before it develops further, we may, within a few years, face a strategic crisis. The Soviets have tried that once in this hemisphere, and we should not deceive ourselves into believing that they will not try it again. The prospect of a second communist base in our hemisphere will certainly persuade the Soviet Union to go further, confident in their own view that we do not have the will and capacity to defend our friends, our allies, and our interests around the world. The danger ahead is not so much that a people such as ours will yield to a clear and present danger—we won't—but that inaction and irresolution in a murky situation today may be costly later on, in lives and in every other sense.

By supporting those Nicaraguans now who are fighting for their liberty, we may avoid direct military involvement by the United States in the future. We and our allies are fortunate that we have a multitude of friends in Nicaragua; that brave Nicaraguan men and women are fighting their own battle for freedom. Their fight serves the interests of the democracies as much as it does theirs. They need our support—and they cannot succeed without it—just as the Nicaraguan communists cannot become entrenched and remain without the support of the Soviet Union and Cuba. I have heard it said that the democratic resistance in Nicaragua cannot win. We should read again the history of our own fight for independence. Those on the side of liberty and human dignity are on the side of history. We cannot become faint-hearted because of the words of those who equate morality with noninvolvement. We must help those willing to fight for their freedom against tyranny. It would be immoral to abandon them.

Our persistent support for democracy in this hemisphere has been vindicated by experience. Nicaragua, Cuba, and the Soviet Union tried to

snuff out freedom in El Salvador by arming Salvadoran communists. We stepped in, not to restore the old order or military rule but to support leaders committed to a democratic solution.

El Salvador shows what can be accomplished if we lend our support to those who struggle for freedom. The guerrilla war continues today in that country and still takes a heavy toll. But democracy is growing ever stronger. Despite the war, President Duarte and the civilian government have stuck to the democratic agenda with free, periodic, and competitive elections. Civilian institutions are gaining strength; political violence is sharply curbed. The political opposition has free rein—in the legislature, in labor unions, in public demonstrations. Last year I saw for myself how the Salvadoran people rallied courageously to deal with a devastating natural tragedy in the form of an earthquake. It would be a tragedy of our own making if we were to abandon Central America now and leave the field to the communists in Nicaragua, Cuba, and the Eastern bloc.

The lesson of El Salvador is that the ideals uniting this hemisphere are not a passing fancy; they are alive and firm. When people committed to democracy stand together in a common struggle, when we stand for principles and work patiently together, we are successful. Those who repeatedly said that El Salvador was a lost cause were wrong. If they had had their way, President Duarte would have had to fight without our help. That lesson should not be lost on any of us in the executive branch or in the Congress, regardless of political party. Commitment to democracy should not be a matter of party—in the United States or anywhere else. The economic and military ingredients so essential in turning the tide against the spread of tyranny and in favor of freedom in El Salvador were provided by bipartisan majorities in the Congress.

In the coming months and years, we will no doubt be required to confront

again and again whether we are prepared to stand for freedom in this hemisphere—in Central America. History will judge us by our ability to make the right decision every time. The strategic stakes are clear: whether we will permit the Soviet Union to acquire real power in the region from Mexico to the Panama Canal; whether we will permit the Soviet Union to sit astride our lifelines, not only to South America but to Europe and the Pacific.

Nor could the moral lines be drawn more clearly. If we were to abandon the people fighting for freedom in Nicaragua, what would our word be worth? What could we then say about our commitment to democratic principles if we allow our democratic friends to be thrashed by Soviet-backed tyrants in this hemisphere?

We cannot afford weakness and vacillation at this critical moment. Our friends and allies, who look to us for leadership, can afford it even less. Much is resting on our shoulders. Too many free peoples around the globe depend on us for mutual support and cooperation and, above all, for our continued vigilance.

Nowhere in the world are the stakes higher than they are now in our hemisphere—in Central America. The strategic and moral issues speak for themselves. It is up to us to show the will and the resolve to support those fighting for their independence and their freedom and, in so doing, for security and freedom in this hemisphere.

¹Press release 41 of Feb. 13, 1987, which includes question-and-answer session. ■

U.S. Interests in the Persian Gulf

Secretary Shultz's statement before the Senate Foreign Relations Committee on January 27, 1987.¹

I appreciate this opportunity to testify on American interests in the Persian Gulf and the importance of some recent developments there. Chief among these is the Iran-Iraq war, whose continuation threatens the stability of neighboring states and the pursuit of our interests in the region. The outcome of this war will affect the strategic shape of the Persian Gulf and Middle East for years to come. It is, therefore, important to focus on U.S. policy toward the war and the region at large.

Stability in the Persian Gulf matters to us for three reasons.

First, it is critical to the economic health of the West. An interruption in the flow of oil or control of these energy resources by an unfriendly power could have devastating effects on the pattern of world trade and on our economy.

Second, our interests would suffer greatly if Iranian expansionism were to subvert friendly states or otherwise boost anti-American forces within the region.

Third, as part of the strategic crossroads of the Middle East, this area must not come under the domination of a power hostile to the United States and its allies. Therefore, America's near-term priority is to reassure the gulf Arab states of our support and to stand fast on our antiterrorism and arms embargo policies.

U.S. Policy Toward the War

Since the beginning of the Iran-Iraq war in September 1980, the United States has sought the earliest possible end to the conflict—one which would secure the independence and territorial integrity of both countries, as well as security for third parties in the region who now are directly threatened by the conflict. We have pursued these goals through the following policies.

- We have been denying Munitions List equipment to both Iran and Iraq. There was a limited exception to this policy, as you know. There will be no further exceptions—no more transfers of U.S.-origin military equipment to Iran, either directly or through any third party.

- We are supporting all reasonable diplomatic efforts to encourage Iran to abandon its unwillingness to negotiate an end to the war. These efforts have included U.S. encouragement of the UN Secretary General, the Nonaligned Movement, and the Organization of the Islamic Conference—which is holding its summit in Kuwait this week. The problem has been lack of Iranian interest in any peace proposal—except on Iranian terms.

- Therefore, we are also energetically pursuing efforts to inhibit the resupply to Iran from third countries of significant weapons systems and spare parts which might enable Iran to carry the war further into Iraqi territory. This is our Operation Staunch, which we will continue to pursue in an energetic and determined manner.

Because of our concern over the possible spread of the Iran-Iraq conflict to third countries in the gulf, we have publicly and privately reiterated our firm commitments to the security of non-belligerent gulf states. We have repeatedly warned Iran that any extension of the conflict would be regarded as a major threat to U.S. interests.

Our relations with these countries—including the members of the Gulf Cooperation Council (Kuwait, Saudi Arabia, Bahrain, Qatar, the United Arab Emirates, and Oman)—are important to our long-term security interests. The war directly threatens their security as well as their economic survival. We have publicly stated our fundamental interest in helping the gulf states defend themselves against attack or subversion.

The war has also highlighted overlapping interests with Iraq, as it defends itself against Iranian attack. The news of our limited arms shipments to Iran was a shock to Baghdad, and it has put some strain in our relationship. Nevertheless, I think both sides understand that we share an overriding common interest in finding an early end to the war. For our part, the United States will continue to pursue this objective; and we will do all we can to reaffirm the strength of our policies toward the gulf.

Long-Term American Interests

Our current policies, of course, reflect longstanding interests in this region. Hence I want to review our goals and objectives in the region as a whole.

American interests in the Persian Gulf have long been readily defined. We have an overriding strategic interest in denying the Soviet Union either direct control or increased influence over the region or any of its states. We have major political interests in the nonbelligerent gulf states, both in their own right and because of their influence within the gulf and beyond. And we have a vital economic stake in seeing that the region's supply of oil to the West continues unimpeded.

Our multiple interests in the gulf give us common ground with its various states. As I have mentioned, they share our overriding concern with economic and political stability. Their economic life depends on the flow of oil to the industrialized world. Anything that might disrupt their commerce—war, political instability, terrorism, or subversion—is against their interests as well as ours.

Iran is an important element of our considerations as we pursue these multiple interests. That country has been, and remains, a major factor in the region, both because of its size and strength and because of its strategic location alongside the Soviet Union and Soviet-occupied Afghanistan. Iranian policy has a direct impact on our strategic, political, and economic stakes in the gulf. And the current Iranian Government directly affects us in another way: through terrorism, which it continues to support and export as an instrument of state policy.

Historically, we have also shared a strategic interest with Iran, whose geography makes it a natural buffer between the Soviet land mass and the Persian Gulf. Soviet designs in the region can be seen in the Soviet occupation of Iran in 1946 and in its invasion and subsequent occupation of Afghanistan. The Government of Iran has, of course, been highly critical of the Soviet occupation of Afghanistan—a political fact that underlines a certain commonality of interests between us.

Our various interests in the region give the United States an obvious stake in better relations with Iran. As you know, we sent a signal of our intentions in the form of an authorized transfer of arms to that country. That signal did not elicit an acceptable Iranian response; and it will not be repeated. While we have an interest in improving our relations with Iran, the Iranians have an interest in normal dealings with us as well. And until they recognize their own interests, and act upon them, our rela-

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tions are unlikely to improve. We have said, and we reiterate, that several issues stand in the way of better relations between us: the Iran-Iraq war and Iranian support for terrorism and subversion in the neighboring states.

Let me conclude with a note about the future of our relations with Iran. The President has said that the United States recognizes the Iranian revolution as "a fact of history." We bear no malice toward the Iranian people. But American interests are directly threatened by the Iranian Government's pursuit of its war with Iraq, by its sponsorship of terrorism, and by its collusion with terrorist forces elsewhere in the region. We cannot hope for progress without fundamental changes in Iranian policy and practice. Nor can we pursue better relations with Iran to the detriment of our many other interests and commitments in the region.

We look to an eventual improvement in U.S.-Iranian relations. But American good will cannot wish that future into existence. Iran's rejection of its bellicose and terrorist policies will be a necessary first step to any progress that might follow.

¹Press release 29 of Feb. 5, 1987. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 ■

Secretary's Interview on "Meet the Press"

Secretary Shultz was interviewed on NBC-TV's "Meet the Press" on January 18, 1987, by Marvin Kalb, NBC News; John Walcott, The Wall Street Journal; and Barry Schweid, The Associated Press.¹

Q. There is a fairly widespread impression here in Washington that time is running out on the Administration's chances of negotiating a new arms control agreement with the Soviet Union and that success in the next 2 years may be measured more by its ability to mark time than its ability to achieve a new agreement.

Do you feel that we do have enough time to negotiate an arms control agreement with the Russians?

A. Sure.

Q. You do?

A. Absolutely.

Q. Okay. Do you feel that the United States, in the resumed Geneva talks right now, has received some indications from the Russians of a new seriousness? Have they come in with a new proposal perhaps?

A. I think the talks got off to a good start. Max Kampelman [head of the U.S. delegation to the nuclear and space arms negotiations] and his new opposite number Vorontsov, had a good discussion, exploratory discussion. And the various negotiating groups got down to business promptly and, in fact, started doing some things that we had been trying to get the Soviets to start doing right after Reykjavik; namely, to consolidate the tremendous achievements the President and Mr. Gorbachev made there and sort out what was agreed to, what's not agreed to, what the differences are, and so on.

Q. But as yet, no new proposal?

A. No.

Q. On either side, I take it.

But back here at home, it seems the Administration is beginning to put the Strategic Defense Initiative (SDI) into action, and I wondered if that doesn't eliminate any chance of a compromise, and how you feel about it.

A. There is no decision about that. It's being examined, as I know. The object of the research, of course, is to find something that can be useful, and just what the stage is exactly right now, we're all looking into.

Q. But doesn't deployment, or at least anticipated deployment, mean that the Soviets will, number one, see that there is no trade-off possible; and number two, get awfully alarmed and speed up their aggressive offensive proposals?

A. Right now, the proposal on the table is, under the right circumstances, for a 10-year agreement to stay within the treaty—nonwithdrawal, in other words, not deployment.

Now, of course, that can get adjusted as it goes along. But what that reflects is that the SDI has already been deployed in the sense that it's really got the Soviets' attention and no doubt is one of the reasons why they were ready to make some of the possible agreements they put forward.

Q. When you refer to remaining within the treaty for 10 years, I assume you're referring to the Anti-ballistic Missile (ABM) Treaty.

A. Yes.

Q. Do you think it's possible for the United States to deploy some segment of the "star wars" system without violating that treaty? And should that be the goal of anything we do?

A. It all depends on what's deployed. But under the ABM Treaty, you can make certain kinds of deployments on the ground; and, in fact, the only deployed ABM system anywhere is deployed by the Soviet Union, as you know, around Moscow. But that is not necessarily what is being talked about.

Q. But you think there is room under the terms of that treaty for the United States to go ahead and deploy some sort of ballistic missile defense?

A. There is explicit authorization in the treaty for a particular sort. Whether it is wise to deploy that sort is another question.

Q. There have been a number of difficult questions raised [about the Iran/contras scandal] and difficult words used, and I want to get into your particular relationship to it.

Henry Kissinger, for example in a recent article, without mentioning your name, used the expression "protective ignorance," and I think he meant that you were taking the position that you didn't know about certain things that had happened. A number of other people—

A. I wasn't taking the position that I didn't know about certain things; I didn't know about certain things.

Q. Okay. And a number of other people were saying that this is all an example perhaps of selective responsibility. The question that I want to ask you is this: When this all came up, how do you justify, as a Secretary of State, assuming responsibility proudly for areas of American foreign policy and then pulling back and saying, "Really, I couldn't accept responsibility because I didn't know" about other areas of American foreign policy? You're Secretary of State for all of them.

A. Of course.

Q. So how do you explain that?

A. I have a lot of responsibilities; I'm exercising them strongly under the direction of the President. We talk back and forth about things. I don't always get my way.

As far as the arms sale to Iran is concerned, my position was made clear; and as this process went on, there were quite a number of times when I felt that there was no arms sale connection to it. And the rest of it—that is the President's desire to see if there couldn't be some kind of different Iran, particularly in a post-Khomeini Iran—I felt was a good idea.

Q. Okay. But we are also told that right after the January 1986 meeting, just about a year ago, you walked out of that meeting feeling pretty well, we are told, that the President was going to go forward with arms to Iran, and the hostage issue was raised time and time again.

Why didn't you stand up at that point, since you felt so strongly about the issue, and do something more than simply walk away?

A. I did make my views known periodically; and as I just finished saying, the finding that was read out was not known to me, nobody told me that.

Q. Didn't you get inklings of this in the spring?

A. I had some inklings. I also was shown a set of talking points that were to be used in a meeting with Iranians that were perfectly fine talking points, consistent with the sort of approach that I would have thought made some sense.

Q. Let me ask you about the talking points. The former national security adviser, Mr. McFarlane, told the Senate Foreign Relations Committee last Friday that he was given those talking points as he prepared to make that trip to Tehran, and asked who had been involved in preparing them, and was told that you had helped prepare them and that the President approved them.

What you're saying now is that those talking points made no mention of arms for Iran even though there were arms on the plane that took Mr. McFarlane to Tehran?

A. The talking points that I saw were prepared for what was thought to be a meeting Mr. McFarlane would have, as I remember, in Frankfurt sometime earlier—I think in late March or

something like that. So I assumed that the talking points probably are the same ones he used, and they didn't have anything about arms for hostages.

Q. But did you know that there was going to be a mission to Iran undertaken by representatives of the President?

A. Look, what I have to say about this matter, I have researched out; I've looked over all the documents I have; I've made notes as I went along. I've made all this available to the various investigative authorities; I've testified on it. And I have two instructions from the President: number one, say what you know and completely put forward to the relevant committees and investigative groups whatever you know about this. That's instruction number one. And others have the same. His desire is to get all this out.

And then number two, he looked me in the eye and he said, "George, you've got a lot of work to do, so get at it," and that's what I'm doing.

Q. Wasn't it clear that—call it a deal or call it whatever—the bottom line for the Iranians who had a war going on, and still do, is getting weapons from the United States, that they took that as a mark of acceptance, as a mark of support, as a starting point? So how could the talking points—how could the Iranians be approached without arms being part of it from the very beginning?

A. The reason for wanting to have any contact with the Iranians now, for that matter, is of their geographic location, the fact that they have a long border with the Soviet Union, that they are concerned about the Soviet occupation of Afghanistan, as we are. In other words, there are certain strategic interests that we have in common. So there's something to work with there.

Our position has been—and is today—that, first of all, Iran is the intransigent party in the Iran-Iraq war, and we'd like to see that war come to an end without victor or vanquished and, therefore, we have tried to stop arms sales to Iran by ourselves or anybody else. And the President has publicly stated the reason why he made an exception in certain cases.

Second, Iran, while it had a period of apparently less terrorism directed at Americans, as the President has said, for a period, nevertheless is a state that has practiced terrorism, and we have to look at that whether it's practiced against Americans or anybody else. And I

believe the evidence is very strong that Iran has a lot of control over what happens to our hostages. So we have to have those points in mind in any discussions we have with Iran.

Q. I've got to go back to the beginning on this thing. We have all covered you now for years, and we have heard you a hundred times speak with great fervor about your opposition to terrorism.

A. Right.

Q. That's your policy.

A. That's the President's policy, and that's the policy that makes sense for the United States and our friends around the world.

Q. And you have articulated it very strongly. And some of us wonder why it is that when you had even inklings that this country was going to give arms in exchange for hostages, you didn't "blow your stack" and walk out of the office.

A. I made my position very clear. And as far as the process that unfolded was concerned, there were various points in which it seemed to me it had been decided or somehow that particular dimension wasn't going forward. Now it has turned out that it was, and that's a problem.

Q. Mr. McFarlane's testimony suggests something else also that's intriguing—suggests that somehow this was Israel's idea, suggests somehow that Israel made the decision, and just a couple or three people over at the White House deferred to Israel, and somehow this small country determined U.S. policy. Is that a fair representation?

A. I didn't get that from Mr. McFarlane—

Q. Was this our decision to send McFarlane to Iran?

A. —but Israelis were involved in discussions with him, and that's how this got started, as I follow it. But in the end it is not up to somebody else to make our decisions for us; it's up to us to decide, and we have to decide in the light of our interests what it is that we want to do and take responsibility for it, so we can't blame anybody else.

Q. Let me ask you about the *contra* half of this, for a moment. Were you aware that during the time when Congress had cut off U.S. military aid to the Nicaraguan rebels, American diplomats and intelligence officials in

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Costa Rica—and also in Honduras—were still in contact with the rebels, were helping arrange the construction of an air strip in Costa Rica to be used by the rebels, were helping coordinate supply flights to the rebels?

A. Certain things were legal and certain things weren't. And you remember the Congress appropriated \$27 million for humanitarian assistance to the people fighting for freedom and independence in Nicaragua, and you have to get it to them somehow or other. So that's a perfectly legitimate thing to do; in fact, you're mandated to do it by the law of Congress. And to the extent they worked on that, there's nothing wrong with that.

Q. You said certain things were legal, certain things were illegal.

A. That was just a description of the law.

Q. Are you aware yourself of what was illegal that was carried out?

A. I'm learning about some things, but obviously I wasn't aware of the illegal things to the extent they took place while they were taking place.

Q. A moment ago also, you talked in terms of the terms of reference that were passed on to McFarlane, and I believe you said that they did not contain reference to the hostages or arms for the hostages.

A. What I saw didn't.

Q. Because we have something here which purports to be terms of reference, and it says among other things, "We may be prepared to resume a limited military supply relationship that has to do with arms. Your influence in achieving the release of all hostages is essential as part of this."

Isn't that what you were all talking about? Wasn't that the whole point?

A. We should emphasize to Iran now, and any other time, that we expect them to use their influence to release our hostages. We want that. Now that doesn't mean we should pay for it, but we want that; and we want to let them know that—

Q. But didn't you know at the time—

A. —and I hope they're watching.

Q. But didn't you know at the time that arms were being supplied for the hostages, that that was the point we were getting at?

A. I knew about some incidents beforehand that had aborted, but insofar as what I read was concerned, it didn't contain that structure.

Q. It would seem, then, that the United States was carrying out a policy that had neither the support of the Secretary of State nor the Secretary of Defense, and I wonder how much force there could be to such a policy? And aren't talking points prepared at the State Department, in the first place?

A. These were prepared over in the NSC [National Security Council]. However, I looked at them, and I've already commented on them. Insofar as the policy of trying to position ourselves differently with respect to Iran and have some impact on Iran's general stance is concerned, that's a policy that the President decided on and which everybody supports. In fact, I sense that there's no particular disagreement about that.

Q. No, but that's sort of what I was getting at before—the Israelis. There was a feeling within the U.S. Government that there is a moderate faction in Iran that, arms or not, could be encouraged and could have an impact on Iranian policy.

A. I've never used that word, "moderate," but there are apparently differences of opinion, different factions, as you'd expect in any society. And whether they are moderate or what they are, perhaps they have a little different view than some of the more extreme people and give you something to work with.

Q. Back on the *contra* side of it again, both the Central Intelligence Agency and the President's Intelligence Oversight Board have been reviewing the conduct of intelligence officials in Costa Rica. I'm curious whether the State Department has undertaken a similar review of the actions taken by the embassies in Central America in support of the *contras*.

A. We have been reviewing those things, and, of course, there are various investigations going on, and fundamentally what we've been doing is cooperating with those investigations. The FBI is conducting one, to some degree in conjunction with the special prosecutor; the Senate and the House are conducting them, and so on. We're making information available to them.

Q. But you don't have an in-house investigation of your own going?

A. You have to do that in order to make the material available. We make available what we have.

Q. Your Assistant Secretary for Inter-American Affairs, Elliott Abrams, has said several times in the past week on television that if it is not the *contras* who are going to do the job of eliminating the Sandinista regime, it will have to be the U.S. Marines. Do you agree with that?

A. I think that the policies we have toward Central America are right and very important for the security of our country. Let me review them.

First of all, we want to see in Central America, and elsewhere, governments that are based on the idea of democracy, freedom, and the rule of law. We want to see economies that can develop and move forward and have material benefits for the people of the country.

We see that happening in Honduras, in El Salvador, in Guatemala, along with, of course, the traditional Costa Rica. That represents a big achievement over the last 4 or 5 years. The rotten apple in the barrel is Nicaragua, and all the people down there know it. The totalitarian form of government that they seek to impose on Nicaragua is bad news for everybody.

There are a lot of people in Nicaragua who don't like it—not surprisingly—and they are ready to fight for freedom and independence in their country; and we're helping them.

Maybe it will come about that, just as apparently the Soviet Union is finding that it can't win a military victory in Afghanistan and suppress the Afghan people, maybe in the end the Nicaraguan communists will come to the conclusion that they can't do it either.

Q. Do you believe that if the *contras* can't do it, the United States will have to send the Marines in to do it?

A. The problems that can take place if we back off from supporting decency and democracy right here on our own land are very serious; and if that spreads on up and spreads onto Mexico, it will pose a grave security problem for the United States, and we'll have to think it over carefully. But I'm not going to put my foot in the hole you want me to.

Q. No, I don't want to put your foot in a hole.

Q. It sounds almost like a "maybe," so let me try something else. I've tried this for months now. Does the United States want to overthrow the Sandinista government? And does the United States insist that the *contras*—who a lot of people say are heavily dominated by Somoza people—share in the running of Nicaragua? Do we want those two things?

A. First of all, they aren't heavily dominated by Somoza people. The Somoza people have nothing to do with them, so let's get rid of that idea. What they want to see—and they've made their program clear—what they want to see is the same kind of government, more or less, in Nicaragua as has come into being in the surrounding states. That's what they're after.

Q. But I'm thinking of the diplomacy. Are we insisting that the Sandinistas must come to terms with the *contras* and give the *contras* a share of power?

A. What the President has put forward and what our Nicaraguan freedom fighters have put forward is this proposition: They say, let's have a cease-fire and let's have, along with that, an agreement to sit down together and work out the sort of constitutional arrangements under which there can be a different kind of governmental process where people have a chance to run for political power through the electoral process. That's what they want.

Q. Let me permit you an escape from Central America.

A. And that would be good if that could be brought into being.

Q. Let me ask you briefly about the Philippines. There are more rumors, more reports of impending coups—possible coups—against the government of President Corazon Aquino. How stable do you believe her regime is? Do you think there is danger of a coup?

A. No, I don't think there is any danger of that at all. I think she is very strongly supported by the Philippine people. She's a very impressive person. They're lucky to have her there, and they know it. And you'll see that expressed, my guess is, when you see the voting on the new constitution.

Secretary Visits Bermuda and Africa

Secretary Shultz departed Washington, D.C., January 6, 1987, to visit Bermuda (January 6-7) where he met with British Foreign Secretary Sir Geoffrey Howe, Senegal (January 8-9), Cameroon (January 9), Kenya (January 9-12), Nigeria (January 12), Cote d'Ivoire (January 12-14), and Liberia (January 14). He returned to Washington January 15.

Following is Secretary Shultz's address before the Senegalese Business Council in Dakar on January 8, 1987.¹

I want to begin with a little bit about why I am a little late for this session. The reason is that I had the privilege of a lengthy and a very interesting and worthwhile (from my standpoint) meeting with President Diouf and a delicious lunch that he and his wife hosted for my wife and me, and it was such an exciting and interesting event that time passed by. But while I apologize to you, I do not apologize too much, because I really appreciate the time with President Diouf, a remarkable leader.

Senegal—a nation that has so often opened new chapters in African history—is an appropriate beginning for my trip to the peoples and nations of sub-Saharan Africa. Nor could I imagine a more fitting audience that the Senegalese Business Council. I want to thank you for this opportunity to reflect on the economic situation in Africa and the challenge it represents to Africans and their friends throughout the world.

My message today is simple. Old orthodoxies about the need for state control are being discarded, while the benefits of free markets are becoming ever more widely acknowledged. In Africa, and elsewhere, leaders are beginning to respond to these changes. The United States supports that movement. We're trying to use our aid programs to help it along. We know that reform isn't easy and that there will be bumps along the way. But the fact is that the reforms now underway in Africa are already showing signs of success. Today, I want to talk about that success and about what we all need to do to keep the momentum of change going.

First, let me say a few words about how the trend toward deregulation and freer markets came about. The trend reflects careful observation and con-



Cameroon is well-known and respected in the United States. Its tranquil, domestic politics have helped its people to prosper, and its constructive foreign policy has been an asset to the community of African nations. Its sound economy is based on prudent and pragmatic policies, including a healthy emphasis on development of agriculture and the private sector, that are valuable examples for much of the developing world.

Douala, Cameroon

¹Press release 10 of Jan. 20, 1987. ■



I am here because of President Reagan's desire that Africa understand our commitment to play a positive role in Africa's development and to forge a solution to the intractable problems that bedevil southern Africa. We are not casual dabblers in the continent. . . . We are serious players in the long haul, and we intend to use our influence and leverage in the most positive and constructive way possible.

Nairobi, Kenya

trasting experiences, as people have sought out what works and doesn't work. The turning point in thinking came about a year and a half ago, when the Organization of African Unity (OAU) declared: "The primacy accorded the state has hindered rather than furthered economic development." The OAU then reiterated this message at a historic meeting at the United Nations last May. Here's another quote, this one from the OAU's preparatory document for the recent UN special session on Africa's economy. It said that "the African countries should adopt fundamental changes in their development priorities and policies."

Those words point to real change. They signal a movement toward enlightened economic policies at a time when Africans need them most. And let me add that the man in the forefront of this progressive movement has been Senegal's President Diouf. It was his vision that brought the OAU to its remarkable new perspective on development; and it was his leadership that guided the organization through a productive and perhaps historic session of the United Nations.

When the OAU presented its unprecedented message to the special session last May, I was privileged to come, and I observed that: "The United States comes to this special session with hope. We salute the . . . Organization of African Unity . . . for the new directions which the African nations have pledged for themselves. And we welcome this session of the General Assembly as a way of translating their pledge into action."

The United States stands behind those sentiments today. We continue to believe that the message of that special session is one of unique opportunity and hope. We believe that the reforms called for by the OAU offer vast promise for Africa's economic development. And we reiterate our belief that the UN special session was a landmark in the search for a new and hopeful vision of the continent's future. President Reagan's objective in sending me on this week's trip is twofold: to carry a message of friendship and encouragement to the leaders and peoples of Africa and to add our own push to the efforts needed to turn the opportunities before us into reality.

We meet at a time when the images of Africa as a continent in crisis continue to move the world. In the past few years, Africa has known tragedy in the forms of drought, plagues of locusts and grasshoppers, and the disaster at Lake

Nyos in Cameroon. Then there are the continent's manmade scourges—tyranny; apartheid and other forms of racial discrimination; and war, which continues its economic and human toll in southern Sudan, Mozambique, Ethiopia, Chad, and Angola.

Yet these disasters comprise only part of the continent's landscape. In many respects, Africa is a land of natural wealth—a continent endowed with vast underdeveloped arable land, with untapped hydroelectric resources, and with quantities of fresh water that could, if put to use, turn barren fields into breadbaskets. The problem lies in getting from here to there.

Fortunately, both Africa and the West are better positioned to succeed now than we were a decade ago. Both now have the benefit of experience. Both have learned a lot about what does and doesn't work.

Experience on both sides has confirmed that human action—in the forms of government policy and private economic activities—is the single most important variable in producing economic growth. It was enlightened government policies that brought the success stories of the developing world into relative prosperity; and it is government policies that can make the difference in sub-Saharan Africa between stagnation and growth, starvation and survival—indeed, more plentiful food and healthy diets.

Malaise v. Growth

The events leading to Africa's present economic crisis are now widely understood and acknowledged. Limited internal markets, statist theories and practices, political strife—each has played its part in the continent's economic malaise.

The good news is that many African leaders are now acting on these lessons and translating them into more enlightened economic policies. Here's one dramatic example of change: in 1986, harvests were probably bountiful enough to make Africa self-sufficient in grain. Unfortunately, production was unevenly distributed. But success on this scale hasn't been seen for many years.

Here in Senegal, where a major reform program has been underway for 3 years, the government has substantially increased agricultural producer prices, reduced subsidies, and embarked on major reform of the state-controlled sector. This brave reform effort is critically needed, but it involves many

hardships for the people of the country. Fortunately, it is beginning to pay off: real GDP [gross domestic product] growth has improved, food production is up, and domestic finances are under much better control. The yields are partly due to good weather; but it's clear that new economic policies were key.

We all know about the weather, about the drought and how important it is that the heavens give us the bountiful rainfall that is so much needed. I have a little story to tell you about the heavens. Back in 1974, when I was then-Secretary of the Treasury, that was the height of a kind of demoralization over the increase in oil prices, and people were alarmed about the financial implications. It also happened to be a rather mild winter. The foreign ministers were gathered in Rome to consider what to do, and as Secretary of the Treasury, I led the U.S. delegation. During the course of the meetings, my wife and I had a private audience with the Pope, and so we went over to the Vatican. While we were waiting, we were told that the audience would last 10 minutes. I would have about 10 minutes, and then my wife would come in for 2 minutes, and then pictures would be taken. I said, "OK, if that is the plan." A cardinal came out and said, "The moment has come. The Holy Father is ready to receive you." My wife kind of shrunk back and he said, "All right, come in now." We started on what turned out to be an animated discussion on the oil crisis, and then the minutes went by, and then 20, and a half-hour, and three-quarters of an hour, and we were back and forth. I was amazed how much the Pope knew about it. He was very well informed. We had an interesting discussion.

It began to come through to me that it was up to me to end the discussion, so I decided to end it on a humorous note, and I said to him, "Your Holiness, the foreign ministers have been meeting to discuss the oil crisis. Nothing we have been able to think of has done as much as the mild weather toward a solution. We all join in thanking you in your intervention." He didn't laugh. He answered, "You may be sure it will continue." So I hope that the weather behaves and that we can take advantage of it.

Well, going on with my example, Zaire has decontrolled key markets and relaxed exchange controls. Zambia has eliminated most trade and price controls, decontrolled interest rates, and introduced a foreign exchange auction for

most commercial transactions. Kenya has liberalized import licensing and maize and fertilizer marketing and has adopted a flexible exchange rate policy. Other nations, too, are experimenting with reforms aimed at stimulating growth.

These efforts will permanently mark the course of Africa's economic future. But I want to emphasize that reform-minded leaders do not labor alone. The United States is doing its best to help them. We have consistently sought a constructive, humanitarian role in African development, and we intend to stick with this effort.

Between 1974 and 1985, our regular programs to Africa increased fivefold, reaching over \$1 billion in 1985. In addition, the United States is the single largest donor of emergency assistance to Africa, providing over \$1 billion in food and other forms of emergency assistance in 1985. Our overall aid levels to Africa did decline in 1986 as a result of serious budgetary problems at home—and this stringency is likely to continue in 1987. But I want to be categorical in saying that the U.S. Government is committed to addressing this problem, doing what we know is right. Our African partners must know they are not alone. In key countries, we will try to maintain our historic level of assistance.

Not all of Africa's economic crisis can be traced to the policies of African governments. Donor nations, too, have unwittingly subscribed to faulty theories of development. For us as well as for African states, bad theories have produced bad policies. Some of our aid has been counterproductive, contributing to dependence rather than self-reliance, stagnation rather than growth. Today, we are emphasizing that the way to stimulate growth is to liberate individual Africans from the constraints of mismanagement and overcentralization. Let me give you just a few examples of the policies we hope will achieve that objective.

Economic Policy Reform. A variety of our programs are aimed at promoting economic stabilization and policy reform. Our African economic policy reform program, for example, is designed to encourage governments to reduce state control over the private sector. In 1985 and 1986, we helped develop programs in nine nations, including one worked out by Senegal. The results have been very encouraging.

Here in Senegal, reform should broaden the tax base, help restore the



The changes the Nigerian Government has made in its economic policy are the kinds of things that have lasting results. They are changing the structure of incentives; they are making it possible for individuals and private enterprises to operate more freely. The environment is changing in a manner that encourages productivity.

Lagos, Nigeria



... the relationship between the United States and Cote d'Ivoire [is special]. We have long admired and respected this country and its leader, President Houphouet-Boigny. American Presidents over three decades have benefited from his counsel. . . . I am looking forward. . . to learning from his unique experience in solving problems which continue to confront Africa and to sharing with him our views on major world and African issues.

Abidjan, Cote d'Ivoire

elasticity of tax receipts, and increase incentives for investment and profit. And we have seen results elsewhere.

Agricultural Reform. We are also renewing our emphasis on programs aimed at agricultural reform. In 1986, we inaugurated Food for Progress, a multiyear food assistance program designed to support market-oriented reforms in the agricultural sector. It promotes policy changes such as the removal of price controls, enhanced private access to markets, and increased supply of important agricultural resources. Guinea and Madagascar are the first countries we have engaged in this process.

And we are working across the continent with programs like these to bring the green revolution, now over 15 years old, from Asia to Africa. We expect to spend \$1 billion in this area alone over the next 20 years.

Some results from this indepth effort are already in: for example, the United States has helped develop a new sorghum variety in Sudan that yields 150% more than the traditional strain. In Guinea, where the government is undertaking structural reform ranging from the elimination of parastatals to reductions in the civil service, our program will provide 30,000 tons of rice to assist in meeting the IMF [International Monetary Fund] adjustment goals. In Madagascar, we will assist by creating rice buffer stocks which will provide food security while the government moves to privatize the rice trade.

In addition, the United States is working with the World Bank and others to build an African system of agricultural universities. This system will provide education, research, and extension. The United States helped build such systems in India and Brazil, and they are widely regarded as having played a critical role in the agricultural production increases in those countries.

I might say, in the United States and in my own State of California, the agricultural extension services and agricultural research done in universities have made an outstanding contribution. For example, one of the Davis campuses of the University of California has played a key role in the development of California wines. So we think this system of university work oriented to agriculture has proven itself and will work.

And we are engaged in programs designed to bring reforestation and other environmental improvements to

the continent. A real concern is the loss of agricultural productivity as a result of environmental degradation. Millions and millions of acres are taken each year as the desert advances and land is destroyed by erosion. Many millions of trees are cut down each year by an exploding population. The United States is spending \$70 million a year to ameliorate these problems. For example, in Senegal and Somalia we're helping Africans in planting trees to stabilize dunes so that the desert does not overtake good land. In many other countries, we're helping farmers in villages plant trees on their own land to stabilize and enrich their soil.

Population Issues. In the related issues of population, in the last few years Africa has begun to show real interest in expanding the availability of family planning service. Some results are coming in. For example, in Kenya, the percentage of women of childbearing age using some method of family planning has increased from 7% to 17% from 1977 to 1984. The United States is the largest donor of family planning programs in Africa; in 1986, we provided \$90 million for this purpose.

Multilateral Loans. And we are continuing to give close attention to multilateral loans. The IMF and World Bank executive boards have approved a U.S. proposal on the use of 2.7 billion special drawing rights in trust fund reflows. These reflows will be channeled to low-income countries—primarily in Africa—with protracted balance-of-payments problems. The IMF and World Bank are currently developing comprehensive economic frameworks for various African countries, including Senegal, and will then negotiate policy-based lending programs consistent within these overall frameworks. We hope that these arrangements will increase the effectiveness of assistance programs to African countries and alleviate their financial pressures.

We have agreed to support an IDA VIII replenishment of \$12.4 billion. Lending to Africa will be between 45% and 50% of the total. This compares to \$9.7 billion for IDA VII, an African share of 37%. There will be a 200% increase in the African Development Bank replenishment. These are powerful numbers. They reflect a growing recognition throughout the industrial West of Africa's need and Africa's promise.

I might say that if you think about the special session at the United

Nations, it had a dramatic impact. It caught the world's attention. It made people see not only need—as I've said—but that there is underway a changing way of thinking so that when assistance is given, it will be given to something that works. The money will be well used. So it takes more than just need—and combining them both is what has gotten people's attention.

Human Resources Development.

Finally, we are emphasizing the importance of what we call "human resources development."

In May, at the United Nations, I noted that "the talents of individual human beings are the greatest resource a society can bring to the tasks of national development." Today, we are helping to construct programs designed to bring that insight home to Africa—particularly through advanced programs in health, education, and technical training.

Visions of the Future

And here I want to add a point on behalf of those taxpayers in America and other free countries who foot the bill for our foreign assistance. In 1984—the latest year for which these statistics are available—OECD [Organization for Economic Cooperation and Development] countries provided almost \$8 billion in regular assistance to sub-Saharan Africa. By contrast, the Soviet Union and other CEMA [Council for Mutual Economic Assistance] countries extended only \$635 million—\$8 billion versus \$635 million—about 8% of the OECD level. Moreover, while OECD assistance to Africa is predominantly economic, that of the Soviet Union is not. Over the course of the 1980s, the Soviets have sent 20 times as much arms to nations of sub-Saharan Africa as the United States.

These figures capture the difference between two very different visions of Africa's future. In one, the continent becomes an outpost for militarism and strategic designs. The other vision sees Africa very differently: as a collection of nations whose people—their talents, their traditions, their hopes for the future—are paramount.

I know I speak for Americans everywhere when I say that our own intentions are clear from the record of our assistance. Americans know that, and we want the peoples of Africa to know it, too. They, more than anyone, know the difference between guns and

butter, between stomachs filled with food and heads filled with empty slogans.

But—as we have learned—the solutions to Africa's problems do not lie exclusively or mainly with governments. Nor can African recovery be financed through foreign assistance. The private sector must play a major role in turning the situation around.

Let me give you one example of the kind of progress we have in mind. A few years ago, in Somalia, government policies controlling the export of livestock nearly destroyed the market. And during the first year after returning to a market system, export of livestock doubled.

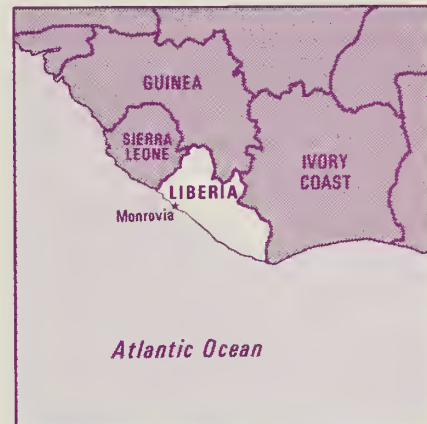
The initiative must come from within Africa. There are untapped savings in traditional market systems. There is a wealth of entrepreneurial talent waiting for the right incentives. *The New York Times* has been featuring Senegalese entrepreneurship lately. The United States will help by encouraging its own businessmen to invest in Africa and by working with you to maximize your access to the benefits of the generalized system of tariff preferences. If the energies of the African peoples can be liberated for productive enterprise—and I'm confident they can—then our long-term reform effort will know success.

Toward a Better Understanding of Development

In the long run, though, Africa's success will depend on more than our numbers and charts. It must be measured as well against an expanded understanding of development.

For development cannot be measured in material terms alone. It consists of more than rising GDP, more than the satisfaction of basic material needs. Ultimately, "development" is a phrase that encompasses human activity in numerous spheres—not only economic but political, social, and spiritual. It means liberation not only from certain constraints—such as dire deprivation—but liberation for a positive good. Progress will continue to elude us so long as many governments deprive their citizens of these fundamental human rights. True development, as I noted at the United Nations in May, "lies, most fundamentally, in the expansion of individual human opportunity."

These various measures of opportunity—political, economic, social, or spiritual—are intertwined. Political constraints on individual activity under-



Our historical relationship... begins in 1820, when the first freed slaves arrived on these shores. They brought thoughts of freedom and democracy which were embodied in their first constitution. Through these people, the American principles of constitutional democracy and individual freedom first appeared on African soil.

Monrovia, Liberia

AFRICA

mine incentives to experiment, thereby reducing the prospects for growth. Constraints on social mobility, such as the ability to move elsewhere, impose artificial costs on economic activity. All forms of political oppression increase the likelihood of instability and reduce incentives for foreign investment and growth. No government can impose severe restrictions on one sphere of life and expect freedom in other spheres to flourish.

If donor and recipient nations are truly to enter into a "new partnership," we must do so recognizing and correcting past mistakes, but more on a shared, positive vision of the future. We must always remember that the potential we seek is that of individual human beings—the satisfaction of their needs and the liberation of their abilities. These are not things that an economist can measure or fit to a graph; but they are, in the long run, the true measure of development, in Africa as everywhere. If the peoples of Africa and their friends throughout the world can agree on that fundamental purpose, then I believe we can speak truly of a new partnership, a new vision for the continent.

This, then, is the vision and the message we bring. We want you to succeed in the struggle for development and democracy. We are playing—and will continue to play—an active role, bringing to bear the tools, know-how, and resources that you and we have learned are relevant. My country respects the aspirations of Senegal and of Africa. They are consistent with U.S. interests and U.S. values. So let us rededicate ourselves here today to this new African-American partnership.

¹Press release 7 of Jan. 14, 1987. ■

Secretary Meets With ANC Leader Tambo

DEPARTMENT STATEMENT,
JAN. 28, 1987¹

In his meeting with Oliver Tambo [President of the African National Congress (ANC)] this afternoon, the Secretary laid out our concerns about the degree of Soviet influence in the ANC and its stance on violence. The Secretary made it clear that a policy of violence from any party is not the answer to South Africa's problems and that there are other options. The pursuit of violence will only lead to a catastrophe for all. He also stated that terrorist actions against innocent civilians are totally unacceptable. He pointed out that the United States had consistently called for all parties, including the South African Government and the ANC, to come to agreement on an end to violence so that a process of negotiations can proceed.

Much of the discussion focused on the future. The Secretary explored ways in which the present environment of confrontation and violence in South Africa could be turned around. He indicated that all parties in South Africa had a responsibility to think constructively and, indeed, imaginatively in order to advance the objective of a negotiated solution. He indicated that we are also prepared to play a positive role.

The Secretary noted those positive elements in the ANC's January 8 statement which described certain important rights within a multiparty democratic system. He encouraged the ANC to spell out its vision of the future with more specificity and expressed our opposition to the replacement of the apartheid system by another form of unrepresentative government.

This was a serious and substantive exchange of views.



(Dept. of State photo by Robert Kaiser)

This meeting represents a continuation of our effort to talk with all of the key players in South Africa and help—if we can—lay the basis for negotiations. In this context, we regard the ANC as an important, though not by any means the only, player in the South African situation. We expect that such discussions will continue.

¹Read to news correspondents by Department spokesman Charles Redman. ■

The Nuclear and Space Negotiations: Translating Promise to Progress

by Paul H. Nitze

Address before the World Affairs Council in Boston on January 14, 1987. Ambassador Nitze is special adviser to the President and the Secretary of State on arms control matters.

I propose this evening to discuss the bilateral nuclear and space arms control negotiations with the Soviets as they have developed over the last year and a half.

In November 1983, the Soviets walked out of the Geneva INF [intermediate-range nuclear forces] negotiations. The following month they refused to set a date for the START [strategic arms reduction talks] negotiations to resume after the Christmas recess. By the summer of 1984, they had come to the conclusion that that had been a mistake; formal negotiations began again in March 1985. The negotiations since then have been tricky; have been at various levels; have, at times, appeared to make substantive progress; and have run into various difficulties. The talks are continuing; Ambassador Kampelman [Head of the U.S. Delegation on Arms Control Negotiations and U.S. Negotiator on Defense and Space Arms] and his teams are resuming their negotiations with their Soviet counterparts in Geneva tomorrow morning. So far, we have not been able to bring the Soviets to closure—to a signed and sealed agreement satisfactory to both sides in any of the three negotiating areas of INF, START, or defense and space—either on a broad package of agreements or on a specific area.

The Political Dimensions of Arms Control

Three or four years ago, I discussed the then ongoing INF negotiations with my friend, Marshall Shulman [former director of W. Averell Harriman Institute for Advanced Study of the Soviet Union at Columbia University]. He said that the NATO so-called two-track decision of 1979—that the United States should be requested to deploy Pershing IIs and ground-based cruise missiles in certain NATO countries and that the United States should concurrently negotiate

with the Soviets for the reduction or elimination of all such LRINF [longer range INF] missiles on both sides—was a political decision. He said the Soviets were, at that time, playing on European political opposition to the U.S. deployments. The problem being political, it could be solved politically. All that was required was a political decision to do so, and that should be a simple matter.

I objected. My point was that arms control decisions are not merely political; they are politico-military decisions. Political issues are generally not simple; they are complex. Military issues are also generally not simple; they can also be complex. Politico-military decisions combine many of the complexities of both.

Among the complexities of the political arms control issues is that they concern, in part, the long-term political interests of the parties involved. In part, they concern the more immediate public opinion, propaganda, and psychological interests of the parties. These short-term interests do not necessarily converge with the long-term interests.

In 1959, when I was not in the government, my friend, Fred Eaton, was appointed head of the U.S. delegation to the Ten Nation Conference on Disarmament being held in Geneva under the aegis of the United Nations. He asked me to serve as an adviser to his delegation. The Soviet side had come up with a vague proposal for “general and complete disarmament.” They were making tremendous propaganda hay worldwide with that slogan. We were getting nowhere in finding out how they proposed to accomplish “general and complete disarmament” in a way that protected the interests of both sides at each stage. They insisted that we agree in principle to the ultimate objective before they would discuss details. But we could not agree to the principle without having some ideas as to the “how.”

We finally addressed the problem by coming up with a proposal that, while visionary, was also realistic in recognizing the need for a concrete sequence of steps that would preserve stability as nuclear weapons were reduced. It was “phased total disarmament.” We then began outlining in some detail the various phases involved. Public opinion

reversed almost overnight. The propaganda gains the Soviets had been making eroded; they finally walked out of the negotiations; apparently they were more interested in the propaganda value of the negotiations than in taking the required steps to realize the objective of disarmament. Since that time, the situation has changed somewhat for the better, but the public opinion, psychological part of the equation continues to be important.

Developments in the Current Negotiations

After the Soviets decided, in the summer of 1984, that they had made a mistake in walking out of the INF negotiations in November 1983, it was still not easy to get negotiations underway again on a serious basis. The Soviets took the position that they would be doing us a favor by returning to the negotiating table and should, therefore, be rewarded. The President and Secretary of State Shultz didn't agree. Finally, however, it was settled that Mr. Shultz should meet with Foreign Minister Gromyko in Geneva in January 1985. They met and agreed on a communique, largely because each side could interpret its language to mean what they wanted it to mean. In any case, the Shultz-Gromyko meeting led to the beginning of the Geneva NST [nuclear and space talks] negotiations in three fora: one negotiating group for START, one for INF, and one for defense and space, all three teams on each side being part of one umbrella delegation. Max Kampelman heads the U.S. team.

The Geneva Summit

President Reagan first proposed the idea of a summit meeting in March 1985 when he invited the new General Secretary of the Communist Party, Mikhail Gorbachev, to Washington at the earliest possible time. Over 4 months passed, however, before the two sides agreed to a November meeting in Geneva. Much work—between the delegations in Geneva; between the foreign ministers in meetings in Vienna, Moscow, and Washington; and through normal diplomatic channels—preceded

ARMS CONTROL

that summit meeting. The summit meeting itself had significant media exposure and had a large impact on public opinion. While no breakthrough occurred on arms control in terms of concrete progress, the meeting established the basis for further progress and committed both sides to an indepth dialogue on the full range of U.S.-Soviet relations. A communique was agreed upon which contained language the Soviets wanted from the preceding January's communique and language we wanted saying the sides would accelerate negotiations on 50% START reductions and on an interim INF agreement. The President and Mr. Gorbachev also agreed that there would be two additional summits, one in the United States in 1986 and one in the U.S.S.R. in 1987.

By early 1986, it became evident that the road to a summit meeting in the United States would be difficult. There was criticism in Moscow that Mr. Reagan had gained public opinion points on Gorbachev at the 1985 summit. Consequently, Mr. Gorbachev did not wish to meet with the President in the United States unless he was assured in advance of an outcome acceptable to Moscow. During the winter and spring following the summit, the Soviets presented some new proposals in Geneva but did so in such a public manner that it seemed as if the proposals were intended to maximize the propaganda effect rather than to contribute to substantive progress. We also presented new proposals. Although there was some movement by both sides, we had not moved much closer to closure.

The Experts' Meetings

In June, Aleksandr Bessmertnykh, the Soviet Deputy Foreign Minister for U.S. and Canadian Affairs, came to Washington. He talked to Secretary Shultz, to Assistant Secretary for European Affairs Roz Ridgway, and to me. We agreed to try an additional mode of dialogue for the purpose of exploring possible breakthroughs in each of the three negotiating areas. Four "experts" from our side would meet with four "experts" from the Soviet side, first in Moscow, then in Washington. Not more than one on each side was to be from the Geneva negotiating teams.

We informed the Soviets that I would head the U.S. team and that the other three members would be Max Kampelman, the chief U.S. negotiator in Geneva; Assistant Secretary of Defense

[for International Security Policy] Richard Perle; and Col. Bob Linhard, Special Assistant to the President on the NSC staff. The Soviets then informed us that their team would be headed by Viktor Karpov, the head of their Geneva delegation, assisted by General Detinov and Ambassador Obhukov, also members of their Geneva team, and General Chervov, head of the Arms Control Directorate of the U.S.S.R. General Staff. This lineup was contrary to the understanding we had had with Bessmertnykh. We, therefore, added Ron Lehman, head of our START team; Mike Glitman, head of our INF team; and Ed Rowny, special adviser to the President and the Secretary of State on arms control matters, to our group. The "expert" negotiations, first in Moscow in August and then in early September in Washington, were vigorous and pointed. We made some progress in both sessions but were still far from closure. In the earlier negotiating rounds in Geneva, the Soviets wanted to achieve agreements in principle on broad objectives and ambiguously defined numbers. In the experts' meetings, they switched their approach, wishing to address what they called "practical measures"—measures which could be negotiated to a point where they could assure Gorbachev that these measures could be brought to closure at a summit. While they did move somewhat toward the U.S. position on several issues, they continued to push for what would have been very much a one-sided outcome.

Reykjavik

These efforts were underway when the Daniloff¹ affair occurred. During the course of that affair and during his visit to Washington to meet with Secretary Shultz, Soviet Foreign Minister Shevardnadze delivered a letter from Gorbachev to the President suggesting that a meeting outside either the United States or the U.S.S.R. could serve to review in an informal and private session the agenda for Gorbachev's trip to the United States. The President was favorably inclined to such a meeting but replied that nothing could be done until Daniloff was released. Shortly after that happened, the meeting at Reykjavik was arranged.

Shortly before the Reykjavik meeting, we anticipated that Gorbachev planned to make important new proposals at Reykjavik coupled with demands certainly unacceptable to the

United States. We also learned that he was planning an extensive propaganda campaign to exploit the anticipated failure of the meeting at Reykjavik. When we arrived at Reykjavik, we saw much evidence supporting that view of Gorbachev's agenda. Many members of the Soviet delegation appeared to be propaganda, media, or public relations experts. They had organized a never-ending series of press conferences which began even before the talks had started. Gorbachev appeared to be approaching the Reykjavik meeting hoping to create a no-lose situation for himself. Either the President would agree to his one-sided proposals, or his people would be in a good position to place the blame for failure on the President.

The Reykjavik talks had been scheduled to consist of three sessions: Saturday morning, Saturday afternoon, and Sunday morning. The talks were to be held at Hofdi House, a handsome house on the bay. The participants were to be restricted to the President, Secretary Shultz, an interpreter, and a notetaker on our side and a similar team, including Gorbachev and Shevardnadze, on their side. Our whole delegation was scheduled to leave Sunday afternoon.

At the Saturday morning session, Mr. Gorbachev presented a package of new proposals, including some significant moves in our direction, but also including demands quite unacceptable to the United States. The morning session was devoted largely to a discussion of the Gorbachev proposals.

During the afternoon, the President presented the U.S. position in a logical and forceful way. Toward the end of the afternoon, Gorbachev and the President agreed that their experts would meet at 8:00 p.m. to continue to work on the issues that they had discussed. One group of experts would work on the bilateral and human rights issues; the other group would work on the major nuclear arms control issues—i.e., START, INF, defense and space, and nuclear testing.

After the Saturday afternoon session, the President and Secretary Shultz briefed the rest of us. At that time, it was decided that Roz Ridgway would head our bilateral and human rights team and I would head our arms control team. I was joined by more or less the same group who had been with me during the experts' meetings in Moscow and Washington, plus a senior representative of the Joint Chiefs of Staff. We were not given much in the

way of specific instructions. The general idea was that these teams would attempt to achieve agreement on as much common ground as they could, leaving the unresolved issues for subsequent negotiations by foreign ministers.

When we arrived at Hofdi House at 8:00 p.m., we were met by the Soviet team. It was headed by Marshal Sergei Akhromeyev, the Chief of the General Staff of the Soviet Armed Forces. He was assisted by Ambassador Karpov; Yevgeniy Velikhov, their principal scientist; Valentin Falin, one of their most able political operatives, now editor of a Moscow newspaper and formerly their expert on Soviet political operation in Germany; and Georgiy Arbatov, head of the U.S.A. and Canada Institute and also a well-known political operator.

I found Akhromeyev to be tough, intelligent, forceful, and practical. It took us little time to agree on how we would address our work; we promptly got down to substance. On the various START issues, we found ourselves pretty well stymied. He wanted 50% reductions from present levels of strategic arms, category by category, on each side. Their levels are, in general, far higher than ours, except for heavy bombers. Equal reductions would result in different levels of missiles after reductions that would exaggerate current force asymmetries and, therefore, favor the Soviet side. I insisted upon aggregate ceilings and sublimits which would be equal for both sides after the reductions. Neither of us agreed to the other's approach. We, therefore, moved on to the INF issues, where we made better progress.

The INF issues the United States set out to resolve included agreement on a ceiling on the number of each side's LRINF missile warheads that could be deployed within range of European targets, a ceiling on LRINF warheads in Asia and the United States, the duration of such an agreement, the principles that would govern the verification of adherence to the agreement, and the treatment of shorter range INF missiles, called SRINF. Akhromeyev appeared not to be authorized to negotiate on a ceiling in Asia. We also were unable fully to resolve the SRINF issue, which is of significant concern to our European partners, particularly the Germans. On the other INF issues, we appeared to have come to agreement.

We moved on to the defense and space issues. They presented their arguments for limiting SDI [Strategic Defense Initiative] research to that

which could be conducted within the walls of a laboratory. This proposal would involve limitations beyond those of the 1972 ABM [Anti-Ballistic Missile] Treaty. I presented in full detail our view as to what the ABM Treaty permits and does not permit, particularly as to "field testing," the only aspect of research which is observable and, therefore, verifiable. They insisted upon a 10- to 15-year period during which both sides would agree to abide strictly by the ABM Treaty and not to withdraw from it. This proposal cannot form the basis for agreement as long as the Soviets attempt to redefine on their terms what is permitted under the ABM Treaty and unless we have a common understanding of what is meant by the term "nonwithdrawal." We asked whether they were prepared to correct their current violations of the treaty, specifically the Krasnoyarsk early warning radar. They were not. In the event one side violates a treaty, international law permits the other side to take various proportionate responses. It was not clear whether we were being asked to forgo such rights, including our explicit right to withdraw from the treaty in the event that our supreme national interests were jeopardized or in the event of material breach of the treaty. Nor was it clear what the sides would be permitted to do after the 10- or 15-year period.

I suggested to Marshal Akhromeyev that we report to our higher authorities that there were three issues in the defense and space area which subsequent negotiations at the foreign minister level would have to resolve: one was what activities the ABM Treaty was to permit during the time period; second, what activities would be permitted after the time period; and third, how long that time period would be. Marshal Akhromeyev refused my suggestion. He thought we should merely report lack of agreement on defense and space.

We then turned to nuclear testing. This had already been discussed at higher levels with some progress. We presented a paragraph which we thought correctly summarized the resulting positions of the sides. The two sides would promptly enter into negotiations on nuclear testing. The first matter to work out would be improved verification measures to permit ratification of the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. Thereafter, the sides would negotiate on a step-by-step approach to the eventual elimination of nuclear testing in parallel with the elimination of nuclear weapons.

While Akhromeyev did not appear to disagree with the substance of the paragraph that we had submitted, he did forcefully disagree with the first sentence. He wanted part of the last sentence on the elimination of nuclear testing brought into the first sentence. He wanted the first sentence to say the sides will promptly enter into negotiations on the elimination of nuclear testing. The political thrust of the paragraph would have been reversed, with the emphasis placed only on the long-term end goal and not on the process, even if the substance of the sentences following the first had remained unchanged. I wasn't about to agree to a purely political ploy of this kind.

We then went back to the START issues. After further extended discussion, we were making no progress. By this time, it was 2:00 a.m. Suddenly, Marshal Akhromeyev rose to his feet and said he was leaving; he would be back at 3:00 a.m.

I went back to the hotel. I woke up Secretary Shultz and described to him where we were. He advised me to go back and try to make such progress as was possible and sensible.

When we resumed, Akhromeyev promptly got to the point. He was now authorized to agree on what had been the major point of disagreement between us on START, that being my insistence on ceilings after reductions which would be equal between the sides. He was now willing to accept an equal ceiling on the aggregate level of ICBM [intercontinental ballistic missiles] and SLBM [submarine-launched ballistic missiles] launchers plus heavy bombers of 1,600, and an aggregate ceiling of 6,000 on the number of ICBM plus SLBM warheads plus an appropriate number for the weapons on heavy bombers. We had included in our proposed aggregate of 6,000 the number of long-range cruise missiles on heavy bombers, but nothing for the gravity bombs and SRAMs [short-range attack missiles] such bombers might carry. Our rationale was that it is not proposed by either side that the tremendous Soviet air defense capabilities be limited. Gravity bombs and SRAMs are needed to penetrate those defenses and, therefore, should not be counted in an aggregate of strategic weapons. In an important breakthrough, Marshal Akhromeyev and I finally agreed that each heavy bomber carrying gravity bombs and SRAMs would be counted as one weapon in the 6,000-weapons aggregate.

ARMS CONTROL

We then moved on to another issue, one of particular interest to the Soviet side—a limitation on the number of sea-based, long-range cruise missiles. The problem of verifying the range and number of such cruise missiles is extremely difficult. After almost an hour's discussion of the issue, we came up with a sentence to which both of us could agree.

We then got locked into a discussion of sublimits within the aggregate ceiling on the number of weapons. I proposed agreement on three specific sublimits which we thought were necessary to assure that the reductions would be stabilizing and not retain current destabilizing force asymmetries. Marshal Akhromeyev would not agree to our proposal; he proposed instead a single sublimit representing a reduction of 50% in their heavy missiles but permitting none on our side. This approach, however, was insufficient to assure that the reductions would be stabilizing. I proposed that a sentence be included in the paragraphs we were drafting, assuring that either side, in subsequent negotiations, could raise such sublimits as it thought necessary to assure stability between the forces remaining after the agreed reductions. Akhromeyev would not agree to put that language into the paragraph but assured me that, of course, either side could raise such sublimits as it wished in the subsequent negotiations. I said that I was prepared to rely on his personal assurance.

By that time, it was 6:15 a.m. We both had to report to our superiors in time for them to prepare for the Sunday morning meeting, scheduled to begin at 10:00 a.m. At that Sunday morning meeting, the principal forward movement came when General Secretary Gorbachev proposed a ceiling of 100 on Soviet LRINF warheads in Soviet Asia, to be matched by an equal ceiling on U.S. LRINF warheads in the United States. That seemed to lay the basis for resolving the key INF issues, except for the short-range systems. Despite the seriousness of the SRINF problem, particularly to the Germans, at least 80% of the INF problems facing us 36 hours earlier seemed to have been overcome. It was also agreed at that morning meeting that Secretary Shultz and Foreign Minister Shevardnadze, accompanied by their advisers, meet at 2:00 p.m. to sort out the remaining problems so as to facilitate the 3:00 p.m. final session between the chiefs of state.

At the outset of the 2:00 session, Secretary Shultz proposed that we first clear up some of the easier remaining issues. Shevardnadze said that would be useless; there was one crucial issue to be decided. Could the President agree to a time period of 10 years of strict adherence to, and nonwithdrawal from, the ABM Treaty? If he could, then agreement on all the other issues would be possible. If not, nothing could be agreed.

After some discussion, Shultz said that he wished to explore an idea that he had not yet discussed with the President, that was related to, but different from, the U.S. proposal in July. The sides had already agreed in principle to a 5-year period of 50% reductions in strategic offensive systems. Shultz's idea was that if the U.S.S.R. would agree to a second 5-year period of reductions, after the first 5-year reductions had been implemented, in which all remaining offensive ballistic missiles would be eliminated, then that could constitute a 10-year reduction program. Having already argued that both sides should strictly abide by the terms of the ABM Treaty, the President might further agree that both sides would not withdraw from the ABM Treaty and would continue to abide strictly by its terms while such a program was being executed. Shevardnadze thought that might be of interest to Gorbachev.

We then went up to the room where the President was waiting. The Secretary's idea was presented to him, to Mr. Regan [White House Chief of Staff], and to the others present. Everyone thought it would be worth pursuing. A precise paragraph was worked out and typed. The President and Secretary Shultz went down to the main conference room with this language to meet Gorbachev and Shevardnadze.

They returned in about an hour with the news that Gorbachev had presented an alternative proposal calling for the elimination of all remaining offensive strategic systems in the second 5 years, rather than all remaining offensive ballistic missiles. This would leave the Soviets with a preponderant position in shorter range nuclear systems which, with their conventional forces, would give them potential dominance over the Eurasian landmass. We could not accept such an outcome. A revised paragraph was worked out, not too different in its central provision from our original paragraph.

The President and Secretary Shultz then rejoined Gorbachev and Shevardnadze. There was extensive further discussion, but no specific agreement. During the course of this discussion, it became clear that there was not one issue, but two, on which Gorbachev was adamant. He also insisted that the SDI program be restricted to that which could be conducted within laboratories. There is no such provision in the ABM Treaty. Gorbachev was asking for what amounted to an amendment to the ABM Treaty adverse to U.S. interests. Indeed, he intended to impose constraints on our SDI program far more severe than those imposed by the ABM Treaty. Such additional constraints would kill the SDI program. The President could not accept this.

Vienna and Beyond

Secretary Shultz and Mr. Shevardnadze met again in November in Vienna in connection with a CSCE [Conference on Security and Cooperation in Europe] meeting. We had set up a special session for the two foreign ministers at which they could meet to confirm and build on the common ground that had been developed at the Reykjavik meeting and to identify and narrow the remaining differences between the United States and the Soviet Union. Neither this meeting nor the following night session of their advisers resulted in progress. The Soviets seemed more interested in attempting to make propaganda points by misstating what had happened at Reykjavik than in advancing the negotiations. They reiterated their newly hardened position that links any agreement on START systems or on INF systems to acceptance of their space defense demands.

During the upcoming round that begins tomorrow morning in Geneva, the U.S. negotiators will call upon the Soviet Union to address in specific terms the key issues remaining in all three negotiating fora. In INF, we will continue to insist on adequate verification measures, to insist that the proposed limits remain in effect until superseded by an agreement providing for further reductions, and to assert our right to a level of SRINF missile deployments equal to that of the Soviet Union. Finally, the United States will continue to insist that progress in INF be delinked from progress in the other negotiations.

In START, we will insist that the Soviets return to their earlier acceptance of the concept of sublimits on particularly destabilizing systems. We have proposed in Geneva specific sublimits of 4,800 ballistic missile warheads, 3,300 ICBM warheads, and 1,650 warheads on permitted ICBMs except those on silo-based light and medium ICBMs with six or fewer warheads. These numbers represent substantial movement in the direction of the Soviet position. As in the case of INF, we oppose the linkage between agreement on these reductions and progress in other areas. We must also work on identifying adequate verification measures. This latter point is critical in view of recent Soviet deployment of land-mobile ICBMs. Because of the serious verification problem they pose, the U.S. START proposal calls for a ban on mobile missiles. The United States has called upon the Soviets, as the first nation to deploy such systems, to address our verification concerns in the context of limiting these missiles in a START agreement. Thus far, they have not done so. The significant deployment of land-mobile missiles in the Soviet Union presents the United States with a new reality that may require us to take parallel steps to assure the survivability of a significant portion of our own strategic retaliatory forces.

In the defense and space negotiations, we will continue to focus on the U.S. negotiating agenda by:

- Elaborating on the potential role of effective defenses in providing a more stable offense/defense relationship;
- Engaging the Soviets in a dialogue on a jointly managed transition toward a more defense-based deterrence posture, should defenses prove feasible; and
- Reversing the erosion of the ABM Treaty and bringing the Soviets into compliance with it.

The Soviet goal, on the other hand, is to place enough restrictions on the SDI program so as to disrupt its progress. They have attempted to do this by amending the treaty with proposed restrictions on research, development, and testing in excess of those imposed by the treaty.

We call upon the Soviet Union to withdraw their proposal to restrict SDI to the laboratory and to show their seriousness by making their approach consistent with the existing provisions of the ABM Treaty. The United States has explained to the Soviets its view with

regard to permitted and prohibited activities under the ABM Treaty in connection with agreement on a regime of permitted research, development, and testing during a possible 10-year period of offensive reductions and strict adherence to and nonwithdrawal from the ABM Treaty. However, we see no reason to accept changes in the understanding of key terms and definitions associated with the ABM Treaty which would alter that which has already been negotiated and agreed.

This review of the status of the negotiations indicates that the greatest potential for further concrete progress is concentrated in those areas of common ground involving reductions in the first 5-year period: reductions in START to the 1,600/6,000 ceilings and in INF to the 0/100 ceilings. Our defense and space proposal that all remaining ballistic missiles be eliminated in the second 5 years remains on the table subject to the same conditions we stated at Reykjavik.

In the immediate future, the United States will continue to attempt to consolidate the areas of common ground and to clarify areas of disagreement with a view to resolving or narrowing remaining differences. Our strategy, based on an understanding of the political and military dimensions of the issues at hand, is focused on achieving the long-term benefits that would be shared by

both sides in the aftermath of deep, stabilizing reductions in the scope of the nuclear threat. Earlier this week, in connection with the appointment of First Deputy Foreign Minister Vorontsov as the new chief Soviet negotiator in Geneva, the Soviets stated that they view the next round of negotiations with utmost seriousness. We hope that Mr. Gorbachev will translate his words into an emphasis, similar to our own, on concluding an agreement consistent with our mutual interests, rather than continuing to focus on transitory, short-term propaganda advantages.

With such an emphasis, we can move forward with the Soviets toward a comprehensive, stabilizing agreement on a future arms control regime providing for permitted defensive research and testing, strategic and intermediate-range offensive reductions, and a jointly managed transition to greater reliance on strategic defenses, if and when SDI research demonstrates their feasibility, survivability, and cost-effectiveness at the margin.

¹Nicholas Daniloff, Moscow correspondent for *U.S. News & World Report*, was arrested in the U.S.S.R., allegedly for espionage activities, shortly after the arrest of a Soviet UN employee in New York. Daniloff was released September 29, 1986, as a result of U.S. diplomatic efforts. ■

Developments in NST Issues After Reykjavik

by Paul H. Nitze

Statement before the Defense Policy Panel of the House Armed Services Committee on December 4, 1986. Ambassador Nitze is special adviser to the President and the Secretary of State on arms control matters.¹

This morning, I will review briefly the developments over the past several months in the nuclear and space talks (NST). I will describe separately the developments in each of the three negotiating areas of INF, START, and defense and space, with reference to the status of each area prior to the Reykjavik meeting and its evolution during the Reykjavik and Vienna meetings. My statement will conclude with a brief description of where I think we should go from here.

The progress to date is significant. We have expanded the potential area of common agreement between our negotiating position and that of the Soviets. Yet, we still face a long, difficult task ahead. Much hard work remains, and important obstacles must be overcome in order to conclude arms reduction treaties that are in our national interest and that can be implemented. We must both nail down the details of the agreements that we have achieved in principle—for example, reductions in longer range INF missiles—and address issues that are only now maturing to a point where a serious dialogue is possible—for example, what strategic defense development and testing activities are permitted and prohibited by the ABM Treaty and the conditions under which the sides would agree not to exercise, for a period of time, their existing right to withdraw from that treaty on 6 months' notice.

ARMS CONTROL

During the coming months, the Soviet Union will take a full account of the state of U.S. executive-legislative branch relations, especially as it relates to arms control. The ability of the United States to negotiate worthwhile arms control agreements will continue to depend upon close cooperation, coordination, and consultation between the Administration and the Congress. This relationship should be based upon realistic expectations and assessments of the progress achieved and the remaining obstacles at each future step in the negotiations. We must reduce the degree to which different perceptions or views between the executive and legislative branches regarding the negotiations are taken by the Soviets as an opportunity to hold out for concessions or to create friction and delay.

Intermediate-Range Nuclear Forces

Our long-term policy goal with respect to longer range INF missiles is to eliminate this entire class of U.S. and Soviet weapons on a worldwide basis. Because the Soviets were unwilling to go that far at that time, the United States agreed at the 1985 Geneva summit to focus efforts on an interim agreement to reduce these missiles.

The United States set forth, at that time, a number of guidelines for such an approach. We required that both the United States and Soviet Union have equal rights and limits and that those limits be global in scope, owing to the range, mobility, and transportability of LRINF systems. We stated that we would not negotiate commitments regarding the independent strategic nuclear deterrents of third countries and that no compensation be afforded because of such third-country systems. We ruled out reductions in dual-capable systems, to prevent degradation of

NATO's conventional capabilities. Last, we required that any agreement be verifiable.

Pre-Reykjavik. As a result of the experts, meetings in Moscow and Washington last summer and the September meeting between Secretary Shultz and Foreign Minister Shevardnadze, the United States achieved several of these objectives. The sides agreed on an end goal of eliminating the entire class of U.S. and Soviet LRINF missiles. The sides agreed that, as an interim step, they would be prepared to limit the total number of warheads on LRINF missiles deployed in Europe to an equal level above zero. Both sides were also prepared to agree to equal global limits on the number of LRINF missile warheads. Discussion during this period focused on five issues: the specific numbers for numerical limits, Asian deployments, deployment mix, shorter range INF, and the duration of the agreement.

The Soviet Union proposed reductions to a level of 100 warheads in Europe but offered only a freeze on SS-20s deployed in Asia; that would have left a global residual of more than 600 SS-20 warheads. The United States suggested in the experts' meetings that the limit be set at 200 warheads for each side worldwide, with no more than 100 warheads in Europe.

The United States reiterated that LRINF warheads deployed in Asia should be reduced proportionately and concurrently with those in Europe but that a reduction to equal levels in Europe and Asia could also be acceptable if the specific level was agreeable to the United States. Although the Soviets refused to agree to any reductions of SS-20s in Asia, or even to specify existing levels, they stated that they would "limit" the number of LRINF warheads deployed in Asia.

The Soviets proposed that the LRINF missile mix after reductions in Europe include only GLCMs on the U.S. side and SS-20 ballistic missiles on the Soviet side. The United States said that the mix between U.S. GLCMs and Pershing II ballistic missiles could be discussed further, but that Pershing II missiles must constitute a part of the U.S. force.

The sides agreed on the need for constraints on SRINF missiles. The United States insisted that this issue be resolved concurrently with the establishment of ceilings on LRINF missiles. The Soviets argued that the SRINF issue could be resolved after agreement on LRINF reductions.

The United States insisted that an interim agreement on INF should remain in effect until superseded by a later agreement providing for further reductions—and should not be a "temporary" measure of short duration as the Soviets suggested.

Reykjavik. The Reykjavik meeting created considerable movement in the substantive areas of INF, although there was no closure on the major areas of concern. The President and General Secretary agreed to eliminate U.S. and Soviet LRINF missile warheads in Europe. Worldwide deployments would be limited to 100 warheads on each side, with Soviet missiles deployed in the Asian U.S.S.R. and U.S. deployments limited to U.S. territory.

With regard to SRINF missiles, the Soviets proposed to freeze SRINF deployments at the current level and to address their reduction in a subsequent negotiation. The United States agreed to a ceiling at the present Soviet level on Soviet SRINF and to the proposal for follow-on negotiations on SRINF missile reductions but demanded a right to equal SRINF missile deployments.

Movement on verification also occurred in Reykjavik. Although the discussion was not detailed, there was Soviet agreement to the U.S. proposal that an effective verification package must include a comprehensive exchange of data before and after reductions, onsite inspection of the elimination of weapons, and effective onsite monitoring of the remaining INF systems and associated facilities.

Since the Reykjavik meeting, the Soviets have attempted to relink progress in INF to progress in the defense and space negotiations, reversing their position of last spring. The United States rejects this linkage and will continue to work for a separate agreement.

START

The U.S. goal in the START talks is to achieve deep and verifiable reductions to equal levels properly structured so as to enhance stability. Consequently, our negotiating position draws a distinction between more and less destabilizing systems—for example, between heavy ICBMs and other ballistic missiles and between ballistic missiles and air-breathing missiles.

Our START position contains several key elements:

Acronyms

ABM Treaty—Anti-Ballistic Missile Treaty
ALCM—air-launched cruise missile
GLCM—ground-launched cruise missile
ICBM—intercontinental ballistic missile
INF—intermediate-range nuclear forces
LRINF—longer range INF
NST—nuclear and space talks
RV—reentry vehicle
SDI—Strategic Defense Initiative
SLCM—sea-launched cruise missile
SNDV—strategic nuclear delivery vehicle
SRAM—short-range attack missile
SRINF—shorter range INF
START—strategic arms reduction talks

- A reduction in the total number of ballistic missile warheads;
- Within this ceiling, sublimits on ICBM RVs; and
- A corresponding reduction in overall ballistic missile throw-weight.

Pre-Reykjavik. At the 1985 Geneva summit, the United States and the Soviet Union agreed in principle to 50% reductions in strategic offensive systems. Each side had significantly different approaches to structuring such reductions. The United States called for limits of 1,250-1,450 ballistic missiles, with 4,500 ballistic missile warheads, 3,000 ICBM warheads, a 50% reduction in throw-weight below Soviet levels, and 1,500 ALCMs on, at most, 350 heavy bombers. The Soviet proposal for 50% reductions applied cuts to these strategic systems but included, as well, U.S. LRINF in Europe and all U.S. dual-capable aircraft in Europe and Asia and on aircraft carriers, wherever located, while excluding equivalent Soviet systems from cuts on their side. The Soviets accepted the concept of sublimits, proposing that there be a warhead limit of 60% on any one leg of the triad.

In June 1986, the Soviets offered a new proposal involving reductions of less than 50%. During the experts' meetings, first in Moscow and subsequently in Washington, we explored such an approach while not changing our commitment to the principle of 50% reductions. After the experts' meetings, the United States decided it could accept the Soviet SNDV aggregate level of 1,600. We increased to 7,500 the number of ballistic missile RVs and ALCMs that we were willing to accept and proposed the following sublimits: 5,500 ballistic missile RVs, 3,300 ICBM RVs, and 1,650 RVs on allowed ICBMs except for fixed, light, or medium ICBMs with six or fewer warheads. The Soviets retained their 8,000 limit on "nuclear charges," including gravity bombs and SRAMs, and proposed a limit between 6,400 and 6,800 on ballistic missile RVs.

Going into the Reykjavik meeting, several issues separated the United States and Soviet Union.

First, the Soviets criticized the United States for attempting to restructure Soviet forces with its proposed sublimits. Our position was that such sublimits are necessary to ensure stability.

Second, the Soviets insisted that gravity bombs and SRAMs be included in the aggregate weapons limit. The

United States proposed that they be limited only indirectly through the 350 heavy bomber sublimit, since these systems are less destabilizing and since air defenses against the bombers are unconstrained.

Third, the United States wanted to ban mobile missiles unless the Soviets could show us how our verification and stability concerns could be met.

Fourth, the Soviets refused to consider codification of the 50% throw-weight reduction.

Fifth, there was inadequate progress on verification, especially of SLCMs and mobiles.

Finally, the Soviets insisted on linking START reductions to a 15-year commitment of nonwithdrawal from the ABM Treaty. The United States rejected such a linkage.

Reykjavik. At Reykjavik, the United States and the Soviet Union reached agreement in principle to reduce, in 5 years, to 1,600 SNDVs and 6,000 strategic nuclear warheads, consisting of ballistic missile warheads, ALCMs, and heavy bombers armed with gravity bombs and SRAMs, such bombers to count as a single warhead. The Soviets refused to agree to U.S.-proposed sublimits on these systems and, in addition, dropped their own proposal for sublimits. The United States, however, reserved the right to raise the issue of sublimits in the future, and the Soviets acknowledged that right. The Soviets did agree that reductions would involve significant cuts in Soviet heavy missiles. In addition, both sides agreed to seek mutually acceptable limits on nuclear-armed SLCMs, separate from the SNDV and warhead aggregates. The Soviets insisted that their agreement to these reductions remain linked to a defense and space agreement.

Defense and Space

Pre-Reykjavik. In defense and space, the Soviet Union sought to ban or disrupt the SDI program. They demanded a ban on research, development, testing, and deployment of what they call "space-strike arms." They linked agreement to such a ban to reductions in the START area.

In June, the Soviets proposed that neither side withdraw from the ABM Treaty for up to 15 years and that the ABM Treaty be "strengthened" by redefining the activities permitted and prohibited under the treaty. The net

result would have been to prohibit much of the U.S. strategic defense research now permitted by the ABM Treaty and to make future deployment so distant as to discourage active work on SDI.

The United States made it clear that we are committed to the SDI research program and to continued adherence to the ABM Treaty. In his July letter to Gorbachev, President Reagan stated that, if both sides can agree on radical reductions in strategic offensive weapons, the United States would be prepared to sign an agreement with the Soviets providing the following:

First, both sides would agree to confine themselves, through 1991, to research, development, and testing, which is permitted by the ABM Treaty, to determine whether advanced systems of strategic defense are technically feasible.

Second, a new treaty would provide that if, after 1991, either side should decide to deploy such a system, that side would be obliged to offer a plan for sharing the benefits of strategic defense and for eliminating offensive ballistic missiles. This plan would be negotiated over a 2-year period.

Third, if the two sides cannot agree after 2 years of negotiation, either side would be free to deploy an advanced strategic defensive system after giving 6 months' notice to the other.

Reykjavik. At Reykjavik, President Reagan and General Secretary Gorbachev reached common ground on the relevant time period during which both sides would agree not to exercise their right to withdraw from the ABM Treaty for the purpose of deploying advanced strategic defenses. Gorbachev insisted on a period of 10 years. The President was prepared to agree to 10 years provided agreement could be achieved on three subjects, namely, the regime of control over defenses and the program of reductions in offensive ballistic missiles during those 10 years and what each side was to be allowed to do after the 10 years.

- On the issue of the regime of control over defenses, President Reagan proposed to Mr. Gorbachev that both sides strictly abide by the limitations of the ABM Treaty. Mr. Gorbachev insisted on what he called measures to "strengthen" the ABM Treaty but what, in fact, amounted to an attempt to amend it. Specifically, he proposed to restrict to the laboratory testing of all space elements or components of antiballistic missile defense.

ARMS CONTROL

- With regard to the program of offensive reductions, the United States proposed the elimination of all ballistic missiles remaining after 1991 during a second 5-year phase ending in 1996. The Soviets called for the elimination of all remaining strategic offensive weapons during that period.

- With regard to each side's rights after 10 years, the United States proposed that either side be free to deploy defenses unless the parties agree otherwise. The Soviets proposed to enter into a new negotiation after 10 years on all issues related to the ABM Treaty.

Vienna and Beyond

We appear to have achieved substantial, yet incomplete progress at Reykjavik in our efforts to reach agreement on INF, START, and defense and space. The objective of Secretary Shultz's discussions in Vienna with Foreign Minister Shevardnadze was to confirm and build on the results of the Reykjavik meeting and to identify and narrow the remaining differences between the United States and the Soviet Union. This meeting did not result in progress. The Soviets seemed more interested in attempting to make propaganda points by misstating what had happened at Reykjavik than in advancing the negotiations. The Soviets hardened their position by linking all the progress at Reykjavik to acceptance of their space defense demands.

Key issues remain in all three negotiating fora.

In INF, we continue to assert our right to an equal level of Soviet SRINF deployments, to insist on adequate verification measures, to insist that the proposed limits remain in effect until superseded by an agreement providing for further reductions, and to de-link final resolution of these issues from other negotiations.

In START, we need to achieve agreement to stabilizing sublimits within the agreed framework of reductions. We have proposed, in Geneva, sublimits of 4,800 ballistic missile warheads, 3,300 ICBM warheads, and 1,650 warheads on permitted ICBMs except those on silo-based light and medium ICBMs with six or fewer warheads. These numbers represent a substantial movement in the direction of the Soviet position. We must also work on identifying adequate verification measures. We oppose the linkage between agreement on these reductions with progress in other areas.

In defense and space, we wish to continue to discuss with the Soviets our view of what is permitted by the ABM Treaty. They must understand, however, that we see no reason to create limits more stringent than those already incorporated in the treaty.

This review of the status of the negotiations indicates that the greatest potential for further concrete progress is concentrated in those areas of common ground involving reductions in the first 5-year period: reductions in START to the 1,600/6,000 ceilings and in INF to the 0/100 ceilings. Our proposal that all

remaining ballistic missiles be eliminated in the second 5 years remains on the table, subject to the same conditions we stated at Reykjavik.

In the immediate future, the United States will continue to attempt to consolidate the areas of agreement and to clarify areas of disagreement, with a view to resolving or narrowing remaining differences.

¹The completed transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Nuclear and Space Arms Talks Resume Round Seven

PRESIDENT'S STATEMENT, JAN. 12, 1987¹

I met today with Ambassadors Max Kampelman, Maynard Glitman, and Ronald Lehman, our negotiators at the nuclear and space arms talks, which resume on January 15 with the opening of round seven in Geneva. I took this opportunity to emphasize once again to Ambassador Kampelman, our head of delegation, and our other negotiators my full confidence in them and the very high priority which I continue to attach to the achievement of deep, equitable, and effectively verifiable reductions in the U.S. and Soviet nuclear arsenals. Such reductions would reduce the risk of war and make a major contribution to our efforts to build a safer world.

As this new negotiating round approaches, it is important to take a clear-eyed, objective look at where we are on the long and difficult road to real arms reduction agreements with the Soviet Union. Our longstanding commitment to a more secure U.S.-Soviet strategic relationship, one with far lower levels of nuclear arms, goes beyond mere words.

We have taken a series of concrete steps in our efforts to move closer to this goal. Most recently, our negotiators in the last round tabled new U.S. proposals which reflect the areas of agreement General Secretary Gorbachev and I reached during our October meeting in Reykjavik, as well as other new U.S. proposals. These areas of agreement, which reflect our progress at Reykjavik, include:

- Reductions in strategic nuclear delivery vehicles to 1,600 for each side, with no more than 6,000 warheads on these delivery vehicles;

- An interim equal global limit of 100 warheads on longer range U.S. and Soviet INF [intermediate-range nuclear forces] missiles, with no such missiles in Europe;

- The need for significant cuts in Soviet heavy ICBMs [intercontinental ballistic missiles]; and

- The need for effective verification of agreements implementing such reductions.

In an effort to meet expressed Soviet concerns, the United States also proposed at Reykjavik that neither the United States nor U.S.S.R. deploy advanced strategic defenses through 1996 while conducting research, development, and testing, which are permitted by the Antiballistic Missile (ABM) Treaty. This would be coupled with agreement that during the first 5 years of this period, U.S. and Soviet strategic offensive arms would be reduced by 50%; that during the second 5 years, all remaining U.S. and Soviet offensive ballistic missiles of all ranges and armaments would be eliminated; and that at the end of 1996, either side would have the right to deploy advanced defenses, unless the parties agreed otherwise. We have since tabled this new proposal as well in Geneva.

In December our negotiators went to Geneva for informal meetings with their Soviet counterparts as part of preparations for round seven. During these

informal talks, there was no narrowing of differences, although limited progress was made in clarifying some points of agreement between the two sides. The Soviets seemed more interested at times in conducting an arms control public relations campaign than in the hard give-and-take of the confidential negotiating process.

Unfortunately, since Reykjavik, Soviet actions to move forward on arms control have not matched our own. Indeed, the Soviets sometimes seem to be moving in the other direction. For example, they have backtracked from some of the important points on which Mr. Gorbachev and I reached agreement at Reykjavik. Furthermore, at Reykjavik, they reintroduced their demand that progress in every area of nuclear arms control must be linked together in a single package. This new linkage represents a major step backward from the agreement Mr. Gorbachev and I made at our summit meeting in Geneva in November 1985 to pursue negotiations in areas where there was already common ground, including the principle of 50% reductions in strategic nuclear arms and an interim agreement on INF.

This renewed Soviet attempt to hold progress in INF and other areas of arms control hostage to acceptance of the longstanding Soviet effort to cripple our Strategic Defense Initiative (SDI) program is unacceptable to the United States and our allies, and we have made this crystal clear to the Soviet Union. Due to the strategic threat posed to the United States and our allies by the continuing Soviet offensive buildup and the extensive and longstanding programs in strategic defense, it is vital to the future security of the West that the SDI program proceed as expeditiously as possible.

The United States is ready to move forward in this new round. With the solid support of our allies and the continued support of the Congress and the American people, we will seek every opportunity to make meaningful progress toward real arms reductions. If the Soviet Union will return to Geneva with dedication equal to our own, I firmly believe the areas of progress which we have already identified can serve as the starting point from which U.S. and Soviet negotiators can achieve, for the first time in history, agreements on deep, equitable, and effectively verifiable reductions in our respective nuclear arsenals.

Let us hope, therefore, that the Soviets will come to Geneva ready to move with us toward such historic agreements. As I have said before, real nuclear arms reductions are within our grasp if the Soviet Union will join us in the serious pursuit of agreements which are equitable and stabilizing for both sides and in the interest of the entire world.

Arms Control: The East Asian and Pacific Focus

by Edward L. Rowny

Address before the Pacific and Asian Affairs Council in Honolulu on December 30, 1986. Ambassador Rowny is special adviser to the President and the Secretary of State on arms control matters.

I'm delighted to have this occasion to visit our beautiful Pacific island state and once again to be able to participate in a program of the Pacific and Asian Affairs Council. Your organization is a model of community leadership in keeping the public informed of international affairs.

I have noted with great interest the proceedings of the conference held here under your sponsorship 2 months ago on "U.S. National Security Interests in Asia and the Pacific." That conference took place just following President Reagan's meetings with General Secretary Gorbachev in Iceland. I was glad to observe in the remarks of our Assistant Secretary for East Asian and Pacific Affairs, Gaston Sigur, a reference to the importance of our Asian allies and friends to U.S. efforts to establish a more peaceful and stable relationship with the Soviet Union. Mr. Sigur noted that President Reagan's position is strengthened when he meets with the Soviet General Secretary by the recognition that our friends and allies "are solidly behind him."

I am most aware of this fact since I have had the privilege of being very active in consultations with America's friends and allies in East Asia and the Pacific regarding our arms control negotiations with the Soviet Union. In October, I traveled to Reykjavik as an adviser to the President; immediately afterwards, I participated in consultations with our friends and allies in Asia.

There is much hard work ahead and many problems remaining. But we will leave no stone unturned in our search for this kind of agreement. The United States is ready; I hope the Soviets are as well.

¹Text from Weekly Compilation of Presidential Documents of Jan. 19, 1987. ■

This Asian mission took me to Japan, the Republic of Korea, and the People's Republic of China. Accordingly, I can attest that the significance of Asia and the Pacific to American and Soviet security and arms control considerations has been growing and is continuing to grow. Let me focus on this phenomenon in some detail.

Reykjavik and Asian Security Issues

First, it may be useful briefly to recount the overall agenda and development of events at Reykjavik. During the days and weeks that followed the meetings in Iceland, some public confusion arose about details of the President's and General Secretary's discussions. The Soviets, for their part, decided it would serve their propaganda purposes to sow some of that confusion.

We arrived at Reykjavik committed to the discussion of all four major elements of the U.S.-Soviet relationship: bilateral exchanges, human rights, arms control, and regional conflicts. In this latter category, both Southwest Asia and Southeast Asia figured prominently in the talks. We told the Soviets that the Soviets' ongoing war against the people of Afghanistan and the military occupation of Cambodia by the Soviet client state of Vietnam remain obstacles to improving relations not only with the United States but also with our friends and allies in Asia.

On Saturday afternoon at Reykjavik, arms control issues came to the fore. Since the first Reagan-Gorbachev meeting in Geneva 11 months earlier, the two leaders had been active both with public pronouncements and in confidential diplomacy on arms control. In their 1985 summit they had agreed to accelerate negotiations toward mutual

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reductions of strategic nuclear arms by 50% and to seek an interim agreement on longer range intermediate-range nuclear forces (LRINF). These latter weapons include the powerful, triple-warhead SS-20 missiles deployed in Europe and threatening our NATO allies and those in Asia threatening Japan, the Republic of Korea, the People's Republic of China, and other friends and allies in the region. As the nuclear and space talks in Geneva continued throughout 1986, one of the most stubborn points of Soviet intransigence concerned reductions or elimination of its Asian-based LRINF missiles. Even as they had been willing to allow significant LRINF reductions in Europe, the Soviets remained profoundly reluctant to agree to any reductions in their Asian forces.

Still, we remained hopeful of breaking this impasse, and in their one-on-one discussions, the President and Mr. Gorbachev began to make progress on a number of issues. By afternoon's end they directed their arms control experts to work through the night on details. As I arrived for the experts' meeting, I sensed that the session would be productive. Leading the Soviet team was the Soviet Chief of the General Staff, Marshal Akhromeyev. Only once before during my years as an arms control negotiator had I seen such a senior Soviet armed forces officer come to the bargaining table; never had I known a ranking military officer to preside over such a delegation. At Reykjavik as in the other instance when a senior military officer joined the negotiations, the progress made was significant.

Early Sunday morning, after we had completed our marathon work session, we presented to the two leaders areas of significant agreement. These included reductions of strategic nuclear offensive warheads by 50% in 5 years—that is, by 1991—to levels of 1,600 strategic nuclear delivery vehicles and 6,000 warheads. There would be significant cuts in Soviet heavy missiles. We also presented progress that we hoped would lead toward step-by-step reductions of nuclear testing.

However, during our all-night experts' session, the Soviets had remained intransigent against making any reductions in their huge arsenal of Asian-based SS-20s. Mr. Gorbachev himself offered President Reagan the long-awaited compromise on Soviet LRINF in Asia. As part of an overall LRINF reductions package which would cut these systems by more than 90% worldwide, Mr. Gorbachev agreed to

reduce the number of Asian-based systems to 100 warheads. Both sides agreed that LRINF in Europe would be eliminated altogether.

As we know, the Reykjavik meetings ended without the formalization of these understandings in a framework for an agreement. The most prominent reason for this result was Mr. Gorbachev's unreasonable demand that we accept constraints on our Strategic Defense Initiative (SDI) more restrictive than required by the Anti-Ballistic Missile (ABM) Treaty. The Soviet General Secretary insisted, in effect, that we kill SDI. This, President Reagan said, "we could not and will not do." There also were other sticking points that prevented an agreement—matters which Soviet propaganda has sought to obscure as it attempts to depict SDI as the only obstacle to an accord.

One of these unresolved points concerns verification, where no specifics for effective means of guarding against cheating were agreed upon. Another area of lingering disagreement involved shorter range intermediate-range nuclear forces (SRINF), where we proposed to use Soviet levels as a ceiling which we would be entitled to match. The Soviets demanded a "freeze," with no U.S. right to build up to equal levels; thus, they sought an outcome that would award them a monopoly in this class of weapons.

A third disputed point had to do with the second 5 years—from 1991 to 1996—of proposed reductions of nuclear weapons in a prospective 10-year comprehensive strategic arms agreement. In the context of a 10-year commitment not to withdraw from the ABM Treaty, the United States called for the elimination of all offensive ballistic missiles, the most threatening weapons. Until a more stable conventional balance is achieved, we believe it is essential to continue to rely on nuclear deterrence. Our position at Reykjavik was based on the belief that, with the elimination of all ballistic missiles, the remaining balance of air-breathing nuclear forces would provide a more stable deterrent. The Soviet position on this point was a fairly transparent attempt again to decouple the United States from its overseas allies, for eliminating all strategic weapons would leave those allies unshielded against Soviet superiority in conventional forces.

On returning to the United States, President Reagan won resounding public support for his decision to step back from an agreement that would have tied

our hands in further development and research on SDI, even though we offered to keep our efforts fully in compliance with existing agreements. According to opinion polls, three-quarters of the American people stand behind his determination not to bargain away a future opportunity to develop and deploy a defense against nuclear missile attack. This magnitude of domestic political support is one reason why the President remains hopeful that we might yet reach agreements which were given an impetus at Reykjavik.

As noted earlier, another major factor contributing to the progress at Reykjavik was the stronger relations we have forged under the Reagan Administration with our Asian allies and friends. In economic ties, in political understanding, and in mutual security we have moved forward with sureness. There can be no doubt that America's progrowth policies and resistance to trade protectionism under President Reagan have been a boon to the economies of Japan, Korea, and the emerging industrial countries of East Asia. U.S.-Asian consultations on economic and political questions have been closer at all levels during the 1980s than in the preceding decade. Our relationship with the People's Republic of China is beginning to show signs of maturity and durability.

Soviet Military Power and Political Ambitions in Asia

As far as the security of our Asian allies and friends is concerned, the modernization of our defenses and the restoration of American self-confidence has been a major factor in the development of peace and security over the past 6 years. For the past decade the Soviet Union has been embarked upon an unprecedented initiative to extend and expand its influence in the Pacific Basin. Throughout this time, this initiative has concentrated on increasing and projecting military power. Without slowing their military drive, recently the Soviets also have become more active diplomatically in the region.

The Soviet military buildup, both in quality and quantity, has been dramatic. The Soviet Pacific fleet, now its largest, operates from major bases on the Kamchatka Peninsula and in the Sea of Japan as well as at Cam Ranh Bay in Vietnam. The Soviet fleet of strategic nuclear-powered ballistic missile submarines is the world's largest, with 25 of these vessels—more than one-third of the Soviets' worldwide total—operating

in the Pacific from bases at Vladivostok and Petropavlovsk. Seven conventionally powered ballistic missile submarines also operate out of these ports.

From Kamchatka to Cam Ranh Bay, the Soviet Pacific fleet also includes 44 nuclear attack submarines; 40 diesel-electric attack submarines; and a surface ship force composed of 2 aircraft carriers, 16 cruisers, 82 destroyers and frigates, and numerous support, logistics, and amphibious units. Moreover, Cam Ranh Bay has become the largest Soviet naval forward-deployment base outside the U.S.S.R.

Soviet naval aviation poses another powerful threat in the Pacific. More than 200 Backfire, Blinder, and Badger bombers patrol the region, with the Badgers' strike range from Cam Ranh Bay reaching as far as the Philippines, Guam, and western Micronesia. These forces are supplemented by an airborne antisubmarine complement of 165 fixed-wing and rotary aircraft. Soon, the new Soviet Blackjack bomber may be deployed to the area.

On the ground, the Soviets station more than 50 divisions along the Sino-Soviet border and in Mongolia. Here, too, they base some 1,700 tactical aircraft, in addition to Backfire bombers. Allied with the Soviets in Southeast Asia is Vietnam's army—the world's fourth largest in manpower—which has received more than \$5 billion in arms aid from Moscow since 1978. In Northeast Asia, too, the Soviets have been strengthening military relations. Recently, they provided North Korea with some 35–45 MiG-23 aircraft. In return, Pyongyang has allowed the first visit by major Soviet naval combatants to one of its ports; North Korea also apparently has agreed to give the Soviets military overflight permission.

As I mentioned earlier, the Soviets continue to threaten Japan, the Republic of Korea, and the People's Republic of China with deployments of SS-20s, which are highly accurate mobile missile systems. It should by now be clear that even if we should succeed in negotiating the removal of this class of dangerous weapons, the Soviet Union will still have a formidable and preponderant nuclear and conventional military presence in East Asia and the Pacific.

Since Mikhail Gorbachev came to power in 1985, the Soviets have intensified diplomatic approaches aimed at extending their Asian-Pacific interests. During Rajiv Gandhi's visit to Moscow in May 1985, Gorbachev brought forward a

purposefully vague initiative for an "All-Asian Security Forum." This body, with its structure modeled on the European Conference on Security and Cooperation that produced the 1975 Helsinki accords, would focus on "peace and disarmament" issues. Unlike an earlier pan-Asian suggestion by Leonid Brezhnev, Mr. Gorbachev's proposal appears to be directed less against China than against the U.S. security presence in Asia.

On July 28 of this year, Mr. Gorbachev sought to advance his "peace offensive" through a major speech on Pacific affairs, delivered in Vladivostok. My Asian affairs colleagues, including Assistant Secretary Sigur, believe we are seeing only the beginning of a protracted Soviet campaign of subtle diplomatic tactics in the region. While we do not underestimate Soviet skill in such campaigns, we are confident our own solid record in recent Asian relations will be judged more favorably in the region than the Soviet General Secretary's sweeping suggestions of "confidence-building measures" which are backed by no concrete action.

No "Second-Class" Treatment for U.S. Friends and Allies

From my recent experience in arms control policy and diplomacy, I am convinced the Soviets are struggling to play a diplomatic catch-up game in East Asia. I believe they are stung by the realization that the United States and its Asian friends and allies have established strong new bonds of trust during the 1980s. It is impossible for them to hide the contrast between the stagnant economies of the Soviet bloc states and the thriving market economies along the Pacific Rim.

Three times between January of this year and the October meetings in Reykjavik, President Reagan sent me to Asia for consultations. Since Reykjavik, I have been sent on two followup missions to the region. Early on, the President asked me to convey to Asian leaders that we would not bend to Soviet efforts to divide us from our Asian friends and allies by Soviet insistence on no LRINF cuts in SS-20s in Asia while agreeing to such cuts in Europe. We have held to this course, and our position today, after another year of complex negotiations, is one of which we can be proud. On President Reagan's instructions, our INF negotiating groups in Geneva consistently have adhered to the point that the Soviet Asian-based SS-20s must be a part of any U.S.-

Soviet agreement on LRINF systems. It now would appear that U.S. persistence on this point is paying dividends: the Soviets at last have acknowledged that reductions of their Asian-based SS-20s as well as their SS-20s in Europe must be included in any global LRINF agreement. This is the sort of diplomatic progress that comes from solidarity with our friends and allies in both regions.

Our future dealings toward arms control with the Soviets now must follow the formula that has begun to produce success. Success will require confidence in our strengths and clarity about our adversaries' threats. It will require mindfulness that worthwhile agreements with the Soviets are arrived at only through great patience. Finally, it will demand care to assure that the interests of our allies and friends in one region of the world are protected no less than those elsewhere. ■

Instructions to Ambassadors on Chain of Command

The following telegram was sent by Secretary Shultz to all U.S. Ambassadors on December 17, 1986.

In order to clear up any confusion concerning the appropriate chain of command and the appropriate channel of communications, I am issuing the following statement to all ambassadors.

Begin Text of Statement

The President has directed in his letter (text follows) to each of you upon assuming your duties that "you will receive policy guidance and instructions from the Secretary of State who is my principal foreign policy spokesman and adviser, or from me directly." In recent years, I have sought to emphasize this chain of command by stating in my letter to new ambassadors that the line of authority for any action or decision on your part flows from the President to me and from me through the Assistant Secretary to you.

Therefore, you will receive instructions only from or through the Department. All messages dealing with policy proposals, policy implementation, program activities, personnel, and post operations shall be sent through regular established State Department channels.

The only two exceptions to this rule are: (1) if the President personally or the National Security Adviser instructs you to use a private channel; in such cases you should advise me personally (or the Acting Secretary in my absence) of this instruction unless you are explicitly directed not to by the President; and (2) if I, or in my absence, the Acting Secretary or the Executive Secretary, instruct you to use a non-State channel.

The President has also charged you to "exercise full responsibility for the direction, coordination, and supervision of all United States Government officers and employees in the country or organization to which you are accredited, except for personnel under the command of a United States area military commander, personnel under the authority of the Chief of another United States Mission (for example, one accredited to an international organization), or personnel detailed to duty on the staff of an international organization. [As part of that responsibility, you are] to oversee the operation of all United States

Government programs and activities within that responsibility." In his letter, the President has instructed the heads of all agencies "to inform their personnel in the United States and abroad of this charge."

End Text of Statement

I would appreciate having a message from you acknowledging that you have read and clearly understand these reporting relationships and responsibilities.

Begin Text Letter from the President

Dear Mr. Ambassador:

I want to extend to you my personal best wishes for the success of your mission in [country]. As my personal representative there, you, along with the Secretary of State, share with me the responsibility for the conduct of our relations with [country]. I know we share a mutual conviction that carrying the American message of hope and freedom and advancing United States' interests abroad reinforces the foundations of peace. Together we are pledged to work for national strength and economic growth and to promote the values undergirding our Nation's unity and security.

I give you my full personal support as Chief of the United States Mission in [country] in the exercise of your strong statutory mandate under section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927). I charge you to exercise full responsibility for the direction, coordination, and supervision of all United States Government officers and employees in the country or organization to which you are accredited, except for personnel under the command of a United States area military commander, personnel under the authority of the Chief of another United States Mission (for example, one accredited to an international organization), or personnel detailed to duty on the staff of an international organization. I expect you to oversee the operation of all United States Government programs and activities within that responsibility. I have notified all heads of departments and agencies accordingly and have instructed them to inform their personnel in the United States and abroad.

So that you can ensure effective coordination of all United States Government activities within your responsibility, I ask you to provide strong program direction and leadership of operations Missionwide. Please instruct all personnel under your charge: It is their duty to keep you fully informed at all times about their activities so you can effectively direct, coordinate, and supervise United States programs and operations under your jurisdiction and recommend policies to Washington.

You will receive policy guidance and instructions from the Secretary of State, who is my principal foreign policy spokesman and adviser, or from me directly. I expect you to report with directness and candor. I want to emphasize that the Secretary of State has the responsibility not only for the activities of the Department of State and the Foreign Service but also, to the fullest extent provided by law, for the overall policy direction, coordination, and supervision of the United States Government activities overseas. There may be developments or decisions on which personnel under your authority disagree. The Secretary of State and I will always welcome the opportunity to consider your recommendations for alternative courses of action and policy proposals.

As you assume your duties, I know that you will do so with a strong commitment to impartial and equitable treatment of all U.S. Government personnel under your jurisdiction. Should any perceived inequities be amenable to elimination or mitigation by appeal to or negotiation with the host government, I urge you to pursue this course in a manner consistent with your authority and with international law and established customary practice. Recognizing that various agencies operate under different legislation and regulations, should you consider legislative or executive policy changes to be desirable in this connection, you should recommend such changes through the Secretary of State. Additionally, fair treatment of all U.S. Government personnel regardless of race, color, creed, sex, or national origin epitomizes our belief in the adherence to the principles of equality of opportunity, a value and concept that form an important element of the American democratic tradition.

As Commander-in-Chief, I have authority over United States military forces. On my behalf you have responsibility for the direction, coordination, supervision, and safety, including security from terrorism, of all Defense Department personnel in [country] except those forces under the operational command and control of a United States area military commander and personnel detailed to international organizations. Defense Attache offices, units engaged in security assistance, and other DOD components attached to your Mission, as well as other Defense Department activities which may have an impact upon the conduct of our diplomatic relations with [country] fall within your responsibility.

It is imperative that you maintain close relations with concerned United States military commanders and Chiefs of Mission accredited to international organizations. A copy of this letter is being disseminated to them.

EAST ASIA

You must keep each other currently informed and cooperate on all matters of mutual interest. Any differences which cannot be resolved in the field should be reported by you to the Secretary of State; unified commanders should report to the Secretary of Defense.

I expect the highest standards of professional and personal conduct from all United States Government personnel abroad. You have the authority and my full support to take any action required to ensure the maintenance of such standards.

Your mission is to protect and advance the United States' interests abroad, and you will receive the resources necessary to accomplish that mission. At the same time, I expect that these resources will be used in an effective and efficient manner, and that they will be directly and carefully related to priority policy and program activities. You should inform the Secretary of State when you believe that staffing of any agency is either inadequate or excessive to the performance of essential functions.

I am confident that you will represent the United States with imagination, energy, and skill. You have my full personal confidence and best wishes.

Sincerely,

RONALD REAGAN ■

U.S. and Mongolia Establish Diplomatic Relations



(Dept. of State photo by Ann Thomas)

JOINT COMMUNIQUE, JAN. 27, 1987

The Government of the United States of America and the Government of the Mongolian People's Republic, following consultations between their duly authorized representatives at the United Nations in New York, having confirmed their commitment to the principles of equality, non-interference in each other's internal affairs, mutual respect and mutual benefit, have decided upon the establishment of diplomatic relations, at the ambassadorial level, effective January 27, 1987.

SECRETARY'S REMARKS, JAN. 27, 1987¹

The establishment of diplomatic relations between countries is an important first step when the peoples of two nations wish to learn more about each other, engage in business together, further common interests, and solve common problems. Today, the Governments of the United States of America and the Mongolian People's Republic are taking that important step.

This signing ceremony is a historic occasion. In the past, formidable barriers have kept us isolated from one another. Some of these obstacles were erected by nature, such as the great distance between our lands; others were put in place by man. While we may be powerless to alter what Mother Nature has decreed—although I must say, changes in the speed of transportation have had an effect [inaudible]—it is certainly within our power to eliminate the human obstacles to a normal dialogue between our peoples.

Mongolia is a country with a long and proud history. Its land is one of vast open spaces, not unlike some parts of the United States. Its people are renowned for their skills as horsemen. Horses and the frontier were also formative elements in America's development and helped shape our national character. I am sure there are many other similarities between our nations. With the establishment of diplomatic relations, we will better be able to explore those similarities, expand mutually beneficial trade, and engage in educational and cultural exchanges.

Ambassador Gendengiin Nyamdoo, you have spent several years in the United States as your government's Permanent Representative to the United Nations—and my friend Ambassador [to the United Nations Vernon A.] Walters' colleague. Today you are here in a different capacity, and I welcome you to Washington. I take great pleasure in signing this Memorandum of Understanding between our governments. I understand that the negotiations for this agreement progressed smoothly. This should serve as a good omen for the future relationship between our two countries.

¹Press release 15 of Jan. 28, 1987. ■

North Atlantic Council Meets in Brussels

Secretary Shultz attended the regular semiannual session of the North Atlantic Council ministerial meeting in Brussels on December 11-12, 1986. Following are the texts of the final communique, a declaration on conventional arms control, and the Secretary's news conference.

FINAL COMMUNIQUE, DEC. 12, 1986

The North Atlantic Council met in Ministerial Session in Brussels on 11th and 12th December 1986. Ministers agreed as follows:

1. Securing peace in freedom remains our fundamental purpose: wars of all kinds, nuclear and conventional, must be prevented. In the conviction that the security of our Alliance is indivisible, we shall continue to consult closely on all matters affecting our common interests.

2. We shall continue to explore all opportunities for a broad and constructive dialogue which addresses the concerns of the peoples of East and West. We reconfirm our commitment to a more co-operative East-West relationship including political dialogue, commercial relations and cultural exchanges, in which all states participate on equal terms. Respect for human rights and encouragement of human contacts remain essential.

Recent high-level meetings, notably that between President Reagan and General Secretary Gorbachev in Reykjavik, constitute important milestones in East-West relations.

3. The Alliance strategy of deterrence, based on adequate conventional and nuclear defenses, has proved its value in safeguarding peace and enabling us to resist intimidation. It remains fully valid. The continuing build-up of Soviet forces underscores that maintaining this effective range of deterrence capabilities must remain a key Alliance priority.

4. Arms control and disarmament are an integral part of our security policy. We remain committed to reaching equitable agreements aimed at enhancing stability at lower levels of forces and armaments. They must strengthen security in Europe and must not weaken the link between the European and North American members of the Alliance. Effective verification is an essential condition for all such agreements. Real progress on arms control can only be made if a stable overall balance is assured at all times.

5. Following Reykjavik, we support the United States in seeking balanced, equitable and effectively verifiable arms control agreements with the Soviet Union. We agree that instead of simply codifying the existing levels of arsenals, agreements in Geneva should seek to achieve substantial reductions

in offensive nuclear forces in ways that will enhance peace and stability. We therefore welcome the progress at Reykjavik towards agreement on 50% reductions in US and Soviet strategic offensive forces and towards an agreement on longer-range intermediate nuclear missiles. We fully endorse the United States' determination to negotiate detailed agreements on this basis as a matter of priority and urge the Soviet Union to join in this effort in Geneva.

Opportunity for progress in some areas, notably in the LRINF [longer range intermediate-range nuclear forces] negotiations, must not be held hostage to agreements in other unrelated ones. Soviet insistence on doing so would contradict assurances given at the highest level.

On the basis of the December 1979 NATO decision on LRINF modernization and arms control, the Allies concerned fully support the envisaged elimination of American and Soviet land-based LRINF in Europe and the limitation to 100 warheads in Asia and the United States, while their ultimate objective remains the total elimination of all such LRINF. They stress that an INF agreement must not neglect the existing imbalances in shorter-range US and Soviet INF missiles and must provide for a commitment to follow-on negotiations on these missiles.

We also reviewed the US-Soviet negotiations in Geneva on defence and space systems which aim to prevent an arms race in space and strengthen strategic stability. We strongly support these efforts.

In all cases, effective verification would be an essential condition. We will continue to assess and to consult closely on all these issues in the appropriate Alliance fora.¹

6. Nuclear weapons cannot be dealt with in isolation. We also look for progress in other areas of arms control, particularly since reductions in nuclear weapons will increase the importance of removing conventional disparities and eliminating chemical weapons. An effective resolution of these issues is an essential requirement for real and enduring stability and security in Europe.

7. At our last session in Halifax we stressed the importance which we attach to conventional arms control and decided to consider all the issues involved in a high level group. We have approved the first report of this group and have also adopted the Brussels Declaration on Conventional Arms Control.

8. Those of us participating in MBFR [mutual and balanced force reductions] reaffirm our determination to reach early, substantial and verifiable agreement and call upon the East to respond constructively to the Western initiative of 5th December 1985. This would, in our view, significantly contribute to the launching of other negotiations, this time extended to Europe as a whole.²

9. The continued Soviet build-up of chemical weapons is a matter of great concern, as is the proliferation and use of such weapons. At the Geneva Conference on Disarmament, we seek a convention which meets our objective, the general, complete and verifiable prohibition of chemical weapons and the destruction of all existing stock-piles. If the Soviet Union is prepared to take a constructive attitude on all aspects of an effective verification regime, such an agreement is within reach. We appeal to the USSR to join us in overcoming the outstanding obstacles.

10. The Vienna CSCE [Conference in Security and Cooperation in Europe] Follow-up meeting is of major importance for the promotion of stable and constructive East-West relations and for the sustained long-term improvement of relations between all the participating states. We deplore the deficiencies of Warsaw Pact countries in honouring their commitments, particularly in the field of human rights and human contacts. We shall continue to insist on the full implementation of all agreements reached in the CSCE process.

We welcome the results of the Stockholm CDE [Conference on Confidence- and Security-Building Measures and Disarmament in Europe]. The confidence and security building measures agreed upon, if fully implemented, will create more transparency and contribute to greater confidence and predictability of military activities in the whole of Europe. The measures thus represent progress in regard to the Helsinki Final Act and demonstrate the validity of the step-by-step approach defined in the Madrid mandate.

We shall press for a balanced and constructive outcome at Vienna and a strengthening of the CSCE process through improved compliance by the East and progress in all three Baskets.

11. We respect the sovereignty and independence of all states. We will remain vigilant and continue to consult on events outside the Treaty area which might threaten our common security.

12. We call on the Soviet Union to end its unacceptable military occupation of Afghanistan, soon to enter its eighth year. The international community demands the speedy and complete withdrawal of Soviet armed forces and a political settlement which would restore Afghanistan's independence and non-aligned status. This would create conditions for the safe and honourable return of refugees to their homes and permit Afghan self-determination.

13. We firmly condemn terrorism. We have intensified the fight against it, whatever its form and from whatever quarter it comes. We invite all states to unite their efforts to defeat this scourge.

14. The maintenance of a calm situation in and around Berlin, including unhindered access and preservation of the status of the city and of its internal security, remains of fundamental importance for East-West relations. The 750th anniversary of Berlin will provide an opportunity to make clear its present and historical importance.

The members of the Alliance support the efforts of the Federal Republic of Germany, through dialogue and co-operation with the GDR [German Democratic Republic], to obtain practical improvements to benefit the German people, including Berliners, and to strengthen peace in Europe.

15. We have noted encouraging progress in our efforts to enhance armaments cooperation among all countries of the Alliance. We shall actively continue these efforts. The recent work of the IEPG [Independent European Program Group] represents an important contribution to the transatlantic dialogue in this field.

16. In the spirit of Article 2 of the North Atlantic Treaty, we reaffirm the importance of mutual assistance and cooperation within the Alliance, including the Science for Stability Programme. We also reaffirm the need to improve defence-industrial collaboration, particularly in order to enable Greece, Portugal and Turkey to upgrade their defence industries.

17. Thirty years ago, the Foreign Ministers of Canada, Italy and Norway presented a report to the North Atlantic Council which called for enhanced political consultation, the improvement and extension of co-operation and the development of greater unity and solidarity within the Atlantic community. Commemorating this year the work of the Committee of Three, we acknowledge the continuing validity of these principles.

18. The Spring 1987 meeting of the North Atlantic Council in Ministerial Session will be held in Reykjavik in June.

DECLARATION ON CONVENTIONAL ARMS CONTROL, DEC. 12, 1986

1. At Halifax we agreed on the objective of strengthening stability and security in the whole of the Europe, through increased openness and the establishment of a verifiable, comprehensive and stable balance of conventional forces at lower levels. In pursuit of this objective we set up a High Level Task Force; we have today reviewed its first report. We have instructed it to continue in being and to provide further regular reports to the Council.

2. Arms control should enhance, and not diminish, security in Europe. We reiterate our commitment to the maintenance of an effective and credible deterrent posture. Therefore our approach to arms control will remain consistent with the need, at each step of the negotiating process, to retain the means to implement Alliance and national strategies.

3. While maintaining effective deterrence involving both nuclear and conventional forces, we seek to establish a stable relationship of conventional forces in Europe. Reductions in nuclear weapons which are the sub-

ject of discussions between the US and the USSR in Geneva would increase the importance of eliminating conventional disparities.

4. We are therefore ready to open East/West discussions with a view to the establishment of a new mandate for negotiating on conventional arms control covering the whole of Europe from the Atlantic to the Urals.

5. For such negotiations to succeed, there must be recognition of the facts about the current situation, and a common understanding on philosophy, objectives and methods.

The Facts

6. Statements by Eastern spokesmen sometimes imply that the present military situation in Europe is stable and balanced. It is not. On the contrary, it is marked by asymmetries and disparities which vary from region to region but which are detrimental to Western security and which are a source of potential instability. The relevant factors include:

- The armaments, equipment types, deployments, numbers, mobility and readiness of the armed forces involved;
- The information, predictability and confidence about them;
- Considerations of geography.

The Philosophy

7. Military forces should exist to prevent war and to ensure self-defence, not for the purpose of initiating aggression and not for purposes of political or military intimidation.

The Objectives

8. These should be:

- The establishment of a stable and secure level of forces, geared to the elimination of disparities;
- A negotiating process which proceeds step-by-step, and which guarantees the undiminished security of all concerned at each stage;
- Focus on the elimination of the capability for surprise attack or for the initiation of large scale offensive action;
- Further measures to build confidence and to improve openness and calculability about military behaviour;
- The application of the measures involved to the whole of Europe but in a way which takes account of and seeks to redress regional imbalances and to exclude circumvention;
- An effective verification regime (in which detailed exchanges of information and on-site inspection will play a vital part) to ensure compliance with the provisions of any agreement, to guarantee that limitations on force capabilities are not exceeded.

The Methods

9. We propose that distinct negotiations take place:

- To build upon and expand the results of the Stockholm Conference on confidence and security building measures;
- To eliminate existing disparities, from the Atlantic to the Urals, and establish conventional stability at lower levels, between the countries whose forces bear most immediately upon the essential security relationship in Europe, namely those belonging to the Alliance and the Warsaw Pact.

10. In the light of the foregoing, therefore, we are ready to initiate discussion on enhancing conventional stability in the whole of Europe.

SECRETARY'S NEWS CONFERENCE, DEC. 12, 1986³

During the course of our meeting, one of the ministers described his present mood as being one of "pleasant reality," were his words. And when pressed he said, "pleasant" because, after such a long period, we see at least a possibility of major progress in drastic reductions on a global basis of long-range INF missiles and of sharp reductions, perhaps 50%, in strategic offensive arms. He found prospects for other possibilities also agreeable, although they obviously are not as much in prospect.

Then he used the word "reality" to mean that, as we see reductions in nuclear weapons, that obviously must make you think even harder about your conventional force capabilities and the importance of removing asymmetries that we can see, of the importance of the programs that have been under way for some years now in NATO, thought of originally as ways of raising the nuclear threshold. It's the same problem with the coin turned over.

And it was interesting that, during our plenary session, as well as in the restricted session, we referred to things like the Senator Nunn program on cooperative research and development programs, really addressed to the conventional area, and things of that kind. So there was a sense of accomplishment, possibly, if the things agreed on in broad terms in Reykjavik can be in the end consummated, and a sense of reality at having to appreciate more fully what the implications are of a world with at least fewer nuclear weapons.

This meeting, when I think back a year ago, comes at the end of a very intensive year of negotiations and con-

sultations. Ambassador Abshire [David M. Abshire, U.S. Permanent Representative to the North Atlantic Council] added up the number of major formal consultations of the allies, beginning with President Reagan's visit here after Geneva, and they come to 29 formal times when somebody came and talked, and we consulted. And, of course, the volume of interactions on a one-to-one or in smaller groups is too numerous to count. So we have an alliance that works, that consults, that thinks together and works together. And that is really the essence of how it is to have important things happen and have such support for them. It has also been said in our alliance consultations many times, and we all agree, that security must include far more than arms and arms control. And, in particular, the human condition, as it exists around the world and in Europe, has to be of central importance.

We discussed the death, and the circumstances of it, of Anatoliy Marchenko, and I felt a great sense of resolve to express our indignation about that. I'm pleased to hear the reports of what we and our allies and some of the neutral and nonaligned countries are having to say in Vienna right now on this subject.

Q. You had a meeting yesterday with your Spanish colleague. Is it true that you said that, as Spanish positions stand now on the U.S. reduction of its military personnel in Spain, you would prefer to go from Spain?

A. We had some good strong talk. We're in the midst of a negotiation, and, obviously, positions can be taken by a government—that is, a host government—for us that can construct a situation that makes it not very worthwhile to expend the resources necessary. But we are in a very active negotiation, and our relationship with Spain, and relationship to those bases, is a long-standing one. In one way or another I hope that it will emerge in whatever form in a positive way from these negotiations. But it remains to be seen.

Q. Last week the defense ministers of NATO refrained from mentioning the Reykjavik idea of abolition of ballistic missiles. Again, the communique today does the same. Has the alliance, in effect, winnowed out this element from President Reagan's foreign policy insofar as it becomes an alliance policy?

A. Of course, Reykjavik brought up onto the table quite a number of things, and I suppose in a way the most impor-

tant were the things that we found ourselves agreeing with the Soviet Union on. And those are the things focused on in this communique. While progress was made in the discussion of the space defense issues—in particular, I think, the identification of the idea of a nonwithdrawal period—nevertheless, we didn't have any agreement with the Soviet Union in that field.

President Reagan tabled the idea of the elimination of all ballistic missiles. They tabled the idea of the elimination of all strategic arms. Those are very, very different concepts. We didn't agree to their idea; they didn't agree with ours. We had differences of opinion about what would happen at the end of the nonwithdrawal period, and, of course, we were unable to make any real contact on the subject of permitted activities during the period. So, in that area, it's not possible to identify anything that was agreed on with precision, because there wasn't anything agreed on.

Insofar as the idea of eliminating all ballistic missiles in 10 years or in some subsequent period of time, people have different views about it. And some are intrigued, some are enthusiastic, some are reserved, and some don't think it's a very good idea. So that's the fact of the matter.

Q. On your way here, you said that you would like to see full disclosure about the Iran/contras problem. You described the Administration's posture as being in absolutely total contrast to the Watergate period, and yet back home, while you're here doing a rebuilding job, as you described it, at least two key members of the Administration during the period have taken the Fifth Amendment, asserted their constitutional rights, and others, particularly the CIA Director, seem to have trouble remembering much of the details. Is that an awkward stance as far as you're concerned? Would you like to see more come out regarding this experience and get it behind the Administration?

A. We had very little discussion of this question here and, as it turned out, there wasn't any rebuilding necessary. That is, what people are wanting to feel sure about is that, as far as America is concerned, we're in business, and we're carrying forward our foreign policy and domestic policies, of course. And so we had a good, strong, thorough, substantive discussion of all of the substantive issues involved, and that's what we did here.

Now I did take the time, at the beginning of our session, not because people were asking me but because it's gotten so much prominence, of describing the President's approach to this, which is, basically, let's get all of the facts out as rapidly as possible. He's made changes, particularly the national security adviser. It's been announced. He has identified potentially illegal activity as soon as he found it himself, called for the appointment of a special prosecutor, and stated his readiness to cooperate fully with the designated congressional committees. Basically the President said, let us handle this by being open and by prosecuting where necessary, so we'll kind of put a circle around that and people will do that.

In the meantime, we have a very complicated and difficult task of governing to do, as always, both domestically and internationally and let's get at it. That's the strategy, and people thanked me for the statement, and we went on to discuss our business.

Q. I'd like to follow up on that question and ask that you answer the remaining portion of it, which is: In light of your and the President's desire to be open and get all of the facts out in this matter, would it help you in your job of conducting the complicated task of American foreign policy if people were not declining to offer information and instead were telling all they knew about the matter to get it out quickly and get it over with?

A. I agree very much with the President's strategy and desire to see the facts of the matter set out on the table. We live in a rule of law, and under the rule of law people have the right not to testify against themselves. And so they can, as it's said, take the Fifth Amendment if they choose to. That's their decision. As I say, I agree very much with the President's desire to get things out as rapidly as possible, and I hope in one way or another it will be possible to do that.

Q. I wonder if you could define perhaps a little more closely where you stand on the elimination, total elimination, of strategic missiles. In a recent speech, you suggested it might be a good idea to keep some rather than abolish the whole lot. Are you, therefore, among those who perhaps think it might not be such a good idea to abolish them entirely?

A. We're talking about ballistic missiles here, the President's proposal at Reykjavik. I support the President's proposal. I think it would be a good thing if it could be brought off.

The President also proposed at Reykjavik, or said at Reykjavik, and he's said many times, that given the history of the world, given the fact that treaties have been agreed to and then not lived up to—the treatment of Anatoliy Marchenko is an all-too-vivid reminder of that fact—then it's well to have an insurance policy. We would like to see all ballistic missiles eliminated. We'd like to see various things in the field of arms control. We're glad to see the agreement, at least on some of them, as possible. But it's well to have an insurance policy, just in case. Now, that's an important role, even if all ballistic missiles were eliminated, for strategic defense.

It's quite obvious that the President's Strategic Defense Initiative has a lot to do with the fact that negotiations are going on and that perhaps some results are being achieved. But it also has a role in the end as an insurance policy. Suppose there's cheating, suppose that somebody else gets a hold of such weapons. It's good to be able to defend yourself against them. And I think that the insurance policy concept that the President has is a pretty good concept. And we're all sort of familiar with it. When we place our fortune in a house, why, we look around for some insurance. So this was not an official governmental ideal; it was just an idea of my own. I had talked it over with the President. He had no objection to my mentioning it in a speech. I think we need to work on this concept of an insurance policy and think of different ways that it might be implemented. So that's all that means.

Q. Did you tell the allies here at this meeting that the proposal to eliminate ballistic missiles in 10 years has been deemphasized or that it is no longer one of the major U.S. priorities? And did you also tell them, as part of your insurance policy idea, that you would like to keep a small force of ballistic missiles, as you have said on previous occasions?

A. We really didn't get into it too much, but that is the U.S. position, and they know that, and there hasn't been any shift in that. It's been tabled at Geneva. And that is our posture, namely, that we are ready to agree to a 10-year, nonwithdrawal period, at the

end of which either side would have the right to deploy, to exercise its withdrawal right and deploy, if it wished to. Second, that during the first 5 years of the 10-year period, there would be a 50% cut in strategic arms, nuclear arms, and during the second 5-year period, there would be further reductions in ballistic missiles of all types, with their being eliminated at the end of the 5-year period.

In the meantime, the United States would conduct its work on strategic defense in accordance with the Anti-ballistic Missile (ABM) Treaty. That's our proposal. That proposal is sitting there on the table. It has not been accepted so we're having to struggle with it.

Q. Did you sense any regret among the NATO allies that the United States has now gone beyond the SALT II limits?

A. One or two people mentioned that, but, of course, this subject has been discussed a lot before. A year and a half ago in our meeting in Portugal, we had a major discussion of it, and discussion of the various ways in which the Soviets have violated arms control agreements.

In the case of the SALT agreement, in particular, they have gone beyond the permitted one additional type to two additional types. That's a major violation of great importance. And they have engaged in encryption to the point where it's difficult to verify what is being developed. And that's a violation.

Of course, in the ABM Treaty area, the building of the Krasnoyarsk radar is a violation, and there are all too numerous violations of undertakings of the Helsinki Final Act in the human rights field and the Universal Declaration of Human Rights. So the woods are filled with violations, and we went over them.

I think that people have absorbed the fact that it's true that the Soviets have long since violated the SALT II Treaty. In the Portugal meeting, the urgings we had were: Well, that's true, but let's go the extra mile. So the President went the extra mile and continued to abide by the numerical limits, and we are in conformance all the way across the board. Last May, having gone the extra mile, having seen no correction of the violations that the Soviets have made, he made the decision that was announced then. And the rolling out of the bomber was simply an implementation of that.

I think we have to remember that this is not a sort of aggressive violation of a treaty. It's not an aggressive violation by the United States; it's a response of the United States to the fact that the Soviet Union has long since breached its terms in very important ways. And people know that.

Q. Last week the NATO defense ministers condemned unilateral disarmament. This communique doesn't make any specific reference to that. How do you feel about the Labor Party's defense policy which was announced on the day that the meetings here began?

A. I have had it drummed into me that as Secretary of State for the United States, I shouldn't comment on party politics in other countries, and I don't.

However, I am, I think, in a position where I can comment on substantive issues, whatever political party may adopt them. And I think the idea of unilateral disarmament is a catastrophic idea if it should be implemented. Why in the world would we want to put ourselves in the position where the Soviet Union can look down our throat and tell us where we go because they are heavily armed, and we've thrown all our arms away? It doesn't make any sense at all.

Q. Are you in favor of holding a human rights conference in Moscow, and if yes, what should be the conditions?

A. I think it's a question of saying to yourself: What is the kind of atmosphere that would make a conference at all worthwhile? Conferences discuss things. And I think a first point here is that we've had a lot of discussion, there have been all sorts of good words produced. Look at the words in the Helsinki Final Act and in the Universal Declaration of Human Rights. It's absolutely clear that citizens of a country should have the right of emigration. It's not being lived up to. And I could point to many other things; I just picked that one out.

I think the first thing we need to look for is change in behavior, so that a different atmosphere is created, so that it creates an atmosphere that tells you it's worth talking and trying to agree on something because it might produce a change in behavior. That's the first thing to have in mind.

Then, of course, it obviously must be true that if you're going to have a conference on a subject like human rights,

then the conference itself has to be kind of an example, an exhibit of what performance on human rights should be like. And so we'd want to spell that out carefully. I think there is, just myself, a process ahead of us here as we examine this issue, and I wouldn't rule it in and I wouldn't rule it out.

I think what we have to do is engage in a strong process of particularly emphasizing performance. We need to do that in Vienna, as I think all our delegation and the others we work with are doing. And we need to do it, I might say, in association with whatever efforts we're able to make in connection with the high-level task force group's work in working out a mandate for some further discussions of conventional arms security matters. But human rights concerns need to be placed in a priority position, and what we need to emphasize right now is not so much words as actions. That's what's needed. And, unfortunately, the most recent action, the death of Anatoliy Marchenko in jail, is not a very good sign.

Q. On the way over here you told reporters that in May [Director of Central Intelligence] Mr. Casey had told you that the Iran operation was in a stand-down mode. Mr. Casey has now said that he doesn't recall that conversation. Can you either explain that discrepancy or react to it for us?

A. I don't claim to remember everything I say, and so I don't suppose other people necessarily do either. That's not strange.

Q. At what point do you think that people going on taking the Fifth Amendment will finally interfere and eventually destroy the strategy of the President that you share and create problems also for the foreign policy of the United States?

A. It won't create any problem for the foreign policy of the United States, and I think that as things move along, it won't place too much of a blockage in the getting-out of information either. Somehow or other, in our inquisitive society, information tends to emerge, and the essence of what took place will become known and perhaps, in its broad and essential outlines, is already known.

¹Greece recalls its position on nuclear matters and space system issues as expressed during previous NATO Ministerial meetings [text in original].

²Recalling its position on the MBFR negotiations, France has made a reservation on this sentence [text in original].

³Press release 266 of Dec. 31, 1986. ■

Meeting of NATO's Special Consultative Group

**CHAIRMAN'S STATEMENT,
DEC. 10, 1986**

The NATO Special Consultative Group (SCG) met today under the chairmanship of Ambassador Allen Holmes to discuss the status of the INF [intermediate-range nuclear forces] negotiations. Ambassador Maynard Glitman, U.S. negotiator for INF, briefed the group on developments from the last negotiating round, Sept. 18-November 22, and also on results from the meetings which were held in Geneva December 2-5.

The SCG reiterated its full support for the U.S. INF proposal presented on October 23 which reflected the INF-related understandings reached during the meeting between President Reagan and General Secretary Gorbachev at Reykjavik. In particular, the group supported the inclusion in that proposal of the agreement reached in principle by the President and the General Secretary to equal global ceilings for U.S. and Soviet LRINF [longer range intermediate-range nuclear forces] missile warheads, consisting of 100 such warheads outside Europe and their elimination in Europe, along with constraints on shorter range INF (SRINF) missile systems and follow-on negotiations on further limitations and reductions of LRINF missiles and SRINF missiles.

The SCG emphasized the requirement to constrain equally and concurrently SRINF missiles, as previously proposed by the United States, and to undertake promptly subsequent SRINF negotiations. The group also emphasized its support for the U.S. efforts to reach agreement in Geneva on effective INF verification measures side-by-side with progress on reaching agreement on reductions and limitations of INF missile systems.

The group reaffirmed the alliance's readiness to modify, halt, reverse, or dispense altogether with its deployment of LRINF missiles as part of a balanced, equitable, and effective verifiable arms control agreement. The group also confirmed NATO's determination to continue the deployment of LRINF missiles as scheduled, in the absence of an INF arms control agreement with the Soviet Union obviating the need for such deployments.

The group reaffirmed its own long-held position that negotiations on INF are vital in and of themselves and should, therefore, lead to a separate agreement on its own merits and not be held hostage to progress in any other negotiations. Soviet insistence on doing so would contradict Soviet assurances given at the highest level. The SCG, therefore, calls upon the Soviet Union not to hold progress in INF hostage to any other agreement.

The group recalled that the SS-20 force remains 441 launchers with 1,323 nuclear warheads. The SCG also noted the continuing Soviet modernization programs for LRINF and SRINF missile systems.

The SCG recognized that it is time now to build energetically upon the common ground that has been recently established by expanding areas of convergence and negotiating vigorously to narrow areas of difference. The group, therefore, expressed the hope that Soviet INF negotiators will join with their U.S. counterparts in proceeding with substantive and detailed negotiations looking toward the early conclusion and implementation of a sound, durable, and separate INF agreement. ■



Soviet Repression of the Ukrainian Catholic Church

The following report was prepared by the Bureau of Human Rights and Humanitarian Affairs in January 1987.

During the nearly seven decades that have elapsed since the Bolsheviks seized power, the Communist Party of the Soviet Union has sought to eliminate religion or, failing that, utilize it for the purposes of the state. In this deliberate attack on religion, perhaps no institution has suffered more than the Ukrainian Catholic Church. Claiming the devotion of millions in western Ukraine, the church—leaders and laity alike—has been systematically repressed by Soviet rule. Official Soviet historiography even goes as far as to claim that the church “liquidated itself” in 1946, that its followers “voluntarily joined” the Russian Orthodox Church.¹

But the Ukrainian Catholic Church lives on, in the catacombs, as witness numerous *samizdat* documents and repeated discussions in Soviet publications of the need to repress it. This paper sets forth an account of that repression.

Church and State in the Soviet Union: 1917-46

Situated primarily in western Ukraine, which the Soviets forcibly annexed from Poland in 1939, the Ukrainian Catholic Church traces its modern lineage to the 1596 Union of Brest, through which it affiliated with the Roman Catholic Church while preserving its Byzantine form of worship and spirituality. Thus, unlike the Russian Orthodox Church or the Ukrainian Autocephalous Orthodox Church that arose after the revolution in eastern Ukraine, the Ukrainian Catholic Church has looked to the West, recognizing the authority of the Pope from its inception.

Western Ukraine poses a particular problem for the Soviet regime, since, according to Soviet sources, nearly half of the officially permitted religious congregations in the Soviet Union are located there.² In addition, there are many unofficial groups which include Ukrainian Catholics. Furthermore, the Ukrainian Catholic Church has served as a focus for the development of a distinct Ukrainian national and cultural identity in western Ukraine. Not surprisingly, these characteristics have marked the church in Soviet eyes.

In its first years the Soviet regime attacked all religious institutions, accusing them of political opposition to the regime and collusion with its internal and external enemies. All religious groups suffered from discriminatory Soviet legislation, beginning with the Soviet Decree of February 5, 1918, on the Separation of Church From State and School From Church. The new laws transferred all church property, including all houses of worship, to the state. Clergy and their families were stripped of their civil rights. Organized religious instruction of minors was made a criminal offense, and all theological schools were closed, as eventually were all monasteries and convents. The regime sponsored abusive antireligious campaigns which were accompanied by the harassment of believers and their exclusion from all positions of importance.

During the 1920s, however, the regime shifted its tactics in the direction of “sovietization” of individual churches and sects. “Disloyal” religious leaders were replaced by others who were willing to accept a platform of loyalty to the Soviet state and were prepared to submit to far-reaching controls over the external and internal activities of their groups. By 1927 these conditions were accepted by the Moscow Patriarchate of the Russian Orthodox Church in return for a limited and uncertain tolerance; but the price was the alienation of many Orthodox bishops, clergy, and believers who considered such a compromise with the atheist state to be incompatible with the integrity and spiritual mission of their church.

These early won concessions did not last long, however. By 1929 Stalin’s regime had embarked on a violent, widespread antireligious campaign. More and more churches and prayer houses of all faiths were closed down by the authorities, often on the basis of fabricated “demands of workers.” Growing numbers of bishops and clergy were banished, imprisoned, or executed. This situation worsened during the late 1930s, culminating by the end of the decade in the near total suppression of institutional religion throughout the Soviet Union. Soviet authorities destroyed what remained of the Ukrainian Autocephalous Orthodox Church during this period, killing most of its bishops and many thousands of its followers.³ They also drew up plans for the liquidation of the Ukrainian Catholic Church;

these became reality with the Soviet acquisition in 1939 of western Ukraine and western Belorussia, which had large congregations of Catholics. With Soviet occupation, there immediately followed the abolition or state takeover of longstanding church institutions—including schools, seminaries, monasteries, and publishing houses—and the confiscation of all church properties and lands. Finally, as the Nazis invaded the Soviet Union in June 1941, Soviet secret police rounded up a large number of Ukrainian Catholic priests who were either murdered or deported to the east.

Following the Nazi attack on the U.S.S.R., Stalin altered substantially his tactics toward religious communities. Fearing for the very survival of the Soviet regime, he reduced antireligious propaganda and offered significant concessions to the Russian Orthodox Church, as well as other denominations, in the hope of harnessing all the potential of the Soviet Union in its struggle against Nazi Germany. But with the Soviet reoccupation of Ukraine in 1944, repression of Ukrainian Catholics, already suffering under Nazi occupation, was resumed once again, culminating in the official “liquidation” of the church in 1946.

Liquidation of the Ukrainian Catholic Church, 1946

From the very beginning of the Soviet reoccupation of western Ukraine, measures aimed at liquidating the Ukrainian Catholic Church were undertaken. In the winter of 1944-45, Soviet authorities summoned Catholic clergy to “reeducation” sessions conducted by the secret police, the NKVD. On April 5, 1945, the Soviet media began an anti-Catholic campaign. Then on April 11, 1945, the NKVD began arresting the entire Ukrainian Catholic hierarchy of western Ukraine, including the secular and monastic clergy—a program that would last for the next 5 years. Along with Metropolitan Yosyf Slipyj, the NKVD arrested Bishop Nykyta Budka, the Vicar General of the Metropolitan; Gregory Khomyshyn, the Bishop of Stanislav, and his Auxiliary Bishop, John Liatyshevsky; Paul Goydych, the Bishop of Priashiv, and his Auxiliary Bishop, Basil Hopko; Bishop Nicholas Charnetsky, Apostolic Visitor of Volyn; Monsignor Peter Verhun, Apostolic Visitor for Ukrainian emigrants in Germany; and Josaphat Kotsylovsky, the Bishop of Peremyshl, and his Auxiliary Bishop, Gregory Lakota. (All but one of these either died

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in prison or died shortly thereafter, their health ruined by the abuse they had suffered; only Metropolitan Slipyj, through the efforts of Pope John XXIII, was finally released from prison in 1963 and allowed to leave for Rome.) According to eyewitnesses, in Lvov alone there were about 800 priests imprisoned at that time; and in Chortkov about 150 priests from the district of Ternopol were deported to Siberia.⁴

Meanwhile, in late May 1945, as these mass arrests of Catholic clergy were being carried out, Soviet authorities sponsored the so-called Initiating Committee for the Reunification of the Greek Catholic Church With the Russian Orthodox Church. This was a preparatory committee, which subsequently convened a pseudosynod—the authorities proclaimed it a “Sobor”—in Lvov on March 8–10, 1946. In that “Sobor” an end was proclaimed to the 1596 Union of Brest, and the Ukrainian Catholic Church was declared “reunified” with the Russian Orthodox Church.

This entire exercise was planned and guided by Soviet authorities. Knowledge of the “Sobor” was withheld from the

public; no advance election of delegates was held, and only 216 clerics and 19 laymen—allegedly representing the Ukrainian Catholic Church—brought about “reunification.” Not surprisingly, the NKVD was entrusted with the task of coercing the remaining Catholic clergy to join the Russian Orthodox Church.

Both the Vatican and the Ukrainian Catholic Church in the West have refused to recognize this forced reunification, considering it to be uncanonical and illegal: according to Catholic and traditional Russian Orthodox canon law, to be valid, a synod must be called by the Pope or by a patriarch and must be attended by bishops. Yet Soviet authorities consider this “Sobor” and its decisions binding on all Ukrainian Catholics in the U.S.S.R. to this day.⁵ The protests of almost 300 Ukrainian clerics and the 1946 and 1952 encyclicals of Pope Pius XII in defense of the Ukrainian Catholic Church have gone unheeded. Moreover, the same fate met the Catholic Church in Transcarpathia, a part of Czechoslovakia incorporated into the Ukrainian S.S.R. at the end of World War II, where the

Mukachiv eparchy was liquidated and subordinated to the Russian Orthodox Church in 1947. Its bishop, Theodor Romza, was killed.⁶

The following table, comparing the situation of the Ukrainian Catholic Church prior to World War II with the situation in 1950, offers a graphic picture of the losses suffered by the church from its forced reunion.⁷

The Ukrainian Catholic Church in the Catacombs

Forty years after the official abolition of their church, Ukrainian Catholic communities continue to exist in the Soviet Union, as even Soviet sources attest. The most telling evidence of the survival of the Catholic Church is to be found in Soviet propaganda, which wages a vigorous campaign against the church through books, pamphlets, periodicals, television programs, movies, lectures, and exhibits, all designed to falsify the historical record, defame Catholic leaders and clergy, and intimidate church members. To this day, the great Metropolitan Andrei Sheptytsky, who led his church for four and one-half decades (1900–44), saving the lives of thousands of Jews during World War II, is maligned by Soviet officials.

At the outset, the priests of the Catacomb Church were those who did not rejoin Russian orthodoxy during the 1945–49 period but remained Catholics, giving up any public exercise of their clerical duties. After 1946, a significant portion of Catholic laymen continued to depend on the services of these “illegal” priests and monks, whose numbers increased after the mid-1940s with the return of what the Soviets called “recalcitrant” clergymen—those who had completed their sentences or had benefited from the post-Stalin amnesties.

The hope that de-Stalinization would lead to the restoration of the Ukrainian Catholic Church produced a marked intensification of covert Catholic activities. By the late 1950s, however, as more and more “converts” to the church began to repudiate orthodoxy, communist authorities dispelled any hope for a change in official policy toward the church by arresting even more priests and unleashing a new wave of anti-Catholic propaganda. Notwithstanding this widespread antireligious campaign, the number of priests increased in western Ukraine in the 1950s and thereafter, due in part to secret ordinations in exile. In addition, the existence

Situation of the Ukrainian Catholic Church

Number in 1939	Losses Suffered by 1950
Dioceses 4	All dioceses liquidated.
Territory of Apostolic Visitor 1	Liquidated.
Bishops 8	All imprisoned, condemned, died in prison, killed, or exiled.
Parishes 2,772	Taken over by the Russian Orthodox Church; some liquidated.
Churches and chapels 4,119	Taken over by the Russian Orthodox Church or closed.
Monasteries and convents 142	Confiscated and closed by the authorities; a few transferred to the Russian Orthodox Church.
Other church institutions	All liquidated.
Secular priests 2,638	Fewer than half forced into Russian Orthodox Church; others imprisoned or in hiding.
Monastic clergy 164	Dispersed, imprisoned together with three Provincial Superiors.
Brothers 193	Dispersed or imprisoned.
Seminarians 229	Dispersed or refugees.
Nuns 580	Dispersed.
Faithful 4,048,515	Many imprisoned or deported for their faith; majority resisting passively.

of secret theological "seminaries" in Ternopol and Kolomyia was reported in the Soviet press in the 1960s in connection with the arrests of their organizers.

Today, the underground Catholic Church is said to embrace hundreds of priests, headed by a number of secret bishops working under the authority of their primate in Rome. Religious women in orders working throughout Ukraine number more than 1,000. Many former Catholic and non-Orthodox priests have retained a spiritual allegiance to the Pope as well, while others have taken up civilian professions and continue to celebrate the sacraments in private. A certain number of Ukrainian Catholic priests live in exile outside western Ukraine or as free settlers in Siberia, Kazakhstan, Lithuania, and eastern Ukraine, often serving their faithful from afar. Members of religious communities and monastic orders have maintained close contact with each other, and most have remained faithful to their vows. In 1974, a clandestine Catholic convent was uncovered by police in Lvov.

Almost invariably, these clergymen and monastics hold full-time secular jobs or have retired from such employment. The identities of the older clergy seem to be known to the Soviet police, who frequently subject them to searches, interrogations, and fines but stop short of arrests unless they have extended their activities beyond a narrow circle of friends in private homes. It appears, however, that Soviet authorities are much more ruthless in dealing with new, secretly ordained priests.

In 1968, apparently in connection with the legalization of the Ukrainian Catholic Church in Czechoslovakia, the harassment of "recalcitrant" clergy escalated into a large-scale campaign against "illegal" Ukrainian Catholic clergy. Many of these clergymen were subjected to searches, interrogations, fines, and beatings. In January 1969, the KGB arrested an underground Catholic bishop named Vasyly Velychkovskiy and two Catholic priests, sentencing them to 3-years imprisonment for alleged violations of the "law on cults."

Religious activities that are "illegal" when performed by Catholic priests or members include holding religious services; educating children in the Catholic faith; performing baptisms, wedding rites, and funerals; hearing confessions; anointing the ill; copying religious materials; and possessing prayer books, icons, church calendars, religious books,

and other sacred objects. Soviet sources reveal numerous examples of arrests for such activities. One is the case of Reverend Ivan Kryvy, who was arrested in 1973 for organizing the printing of a Ukrainian Catholic prayer book (actually a reprint of a prayer book published in Canada in 1954) in three consecutive editions (1969, 1971, and 1972) totaling 3,500 copies. The work was done by two employees of the Lvov state printing shop who also were arrested in 1973 together with another person involved in the distribution of these materials. In the same manner, the clandestine printers also produced 150 copies of a "Carol and Church Songs" book and 150 copies of the "Missal."

The most active lay people and clergy of the "illegal" church have tried to use legal means to defend their church. By 1956-57, there were cases in which believers had tried to legalize their Ukrainian Catholic communities according to Soviet law by petitioning the proper authorities to permit their parish congregations to operate openly. A number of such petitions were sent in the late 1960s and early 1970s, including an appeal from the Ukrainian Catholics of the city of Stryi, which reached the West in 1972. All of these petitions were refused. In 1976 a Ukrainian Catholic priest named Reverend Volodymyr Prokopiv was arrested for accompanying a delegation of Ukrainians to Moscow with such a petition, signed by a large number of Catholics from the Lvov region. The Soviet response to these petitions has been to sharpen repressive measures against the activist clergy, monastics, and lay people and to intensify their propaganda.

In recent years, the cause of persecuted Ukrainian Catholics has been taken up by the dissident movement in Ukraine. Since 1970, the movement's organ, the *Ukrainian Herald*, has carried accounts of the harassment, searches, arrests, and trials of Catholics and has editorially condemned "wanton liquidation" of the church as "illegal and unconstitutional." A leading Ukrainian dissident, historian Valentyn Moroz, devoted part of his *Chronicle of Resistance* to the nation-building role of the Ukrainian Catholic Church in western Ukraine; he equated the regime's anti-Catholic struggle with an attack upon "the spiritual structure of the nation."

Lithuanian Catholic dissidents also have raised their voices in recent years. In their petitions to Soviet authorities and in their underground *Chronicle of the Lithuanian Catholic Church*, they have joined Ukrainian dissidents in calling for the lifting of the illegal ban on the Ukrainian Catholic Church. Likewise, in September 1974, a leading Russian Orthodox dissident named Anatoliy Levitin-Krasnov appealed to Sakharov's human rights committee in Moscow to raise its voice in defense of Ukrainian Catholics and other persecuted religious groups. "The Union in Western Ukraine," wrote Levitin-Krasnov, "is a massive popular movement. Its persecution means not only religious oppression, but also restriction of the national rights of Western Ukraine."⁸

Chronicle of the Catholic Church in Ukraine

At the beginning of 1984, a group of Ukrainian Catholics began to publish and disseminate a *samizdat* publication, the *Chronicle of the Catholic Church*. To date, Radio Free Europe/Radio Liberty in Munich has received and broadcast nine numbered issues of the *Chronicle* plus one special issue. The 10th edition of the *Chronicle* was published in June 1986 and had a significant change in title: *Chronicle of the Ukrainian Catholic Church in the Catacombs*. The *Chronicle* is published by members of the "Initiative Group for the Defense of the Right of Believers and the Church in Ukraine," which was established in 1982 and spearheads the campaign of Ukrainian Catholics for the legalization of their church.⁹

It was the years of abortive demands by believers that authorities legalize the activities of the Catholic Church in western Ukraine that brought about the emergence of an organized human rights movement among believers. In early 1982 the Central Committee of Ukrainian Catholics was formed, and Yosyf Terelya was elected its chairman. In a statement about the formation of the Initiative Group, addressed to the Central Committee of the Communist Party of Ukraine, Terelya wrote:

This was the response of Ukrainian Catholics to increasing repression against the Ukrainian Catholic Church. From now on, all information about the Ukrainian Catholic Church will be passed on for scrutiny by the world public. The Catholics of the world should know and be reminded in what conditions we exist.¹⁰

HUMAN RIGHTS

The first three issues of the *Chronicle* are varied, although they deal largely with the lives of believers—Catholics, Orthodox, Baptists, Pentecostals, Jehovah's Witnesses, and Seventh-Day Adventists—giving accounts of repressive measures taken against them and naming the camps and psychiatric hospitals in which they are confined. The journals also devote considerable attention to the sociopolitical situation in Ukraine and discuss such diverse subjects as the Raoul Wallenberg case, Russification, and the Polish workers' movement. Most of the information contained in the *Chronicle*, however, relates to the lives of members of the banned Ukrainian Catholic Church, especially to violations of their human rights. These journals underscore the needs of the people to worship freely in their own rite, to have their own churches with free access to them, and to have their own priests and their own language.¹¹

The founder of the Initiative Group and moving force behind the *Chronicle*, Yosyf Terelya, was arrested on February 8, 1985, and sentenced on August 20, 1985, to 7 years imprisonment and 5 years exile for his religious activities. He had already spent years in various camps, prisons, and psychiatric institutions. He is currently serving his sentence in Camp #36 near Kuchino, the so-called death camp where, since May 1984, four prominent Ukrainian prisoners have died—Ukrainian Helsinki Monitors Vasyl' Stus, Oleska Tykhy, Yuriy Lytvyn, and journalist Valeriy Marchenko.

Terelya's successor as chairman of the Initiative Group, Vasyl' Kobryn, also was sentenced in March 1985 to 3 years imprisonment for "anti-Soviet slander." The plight of Terelya and Kobryn is just one example of the persecution of countless numbers of Ukrainian Catholics who have suffered harassment, illegal searches, beatings, and arrests solely because of their attempts to practice their religious beliefs.

Grounds for Repression

Clearly, the Ukrainian Catholic faithful who were driven underground following the forced 1946 "reunion" have posed an especially complicated problem for Soviet authorities. Enjoying massive support from believers in the western Ukraine, as well as from the strong Ukrainian Catholic diaspora in the West, the faithful have survived despite repeated repressive measures. They have survived both within the formal

Orthodox Church—so-called secret Catholics—and as an "illegal" church with a succession of its own bishops and a network of secular and monastic clergy, performing clandestine religious rites in private homes, at cemeteries, and even in officially "closed" churches. Among young people, in particular, there has been a growing acceptance of religious traditions and symbols as important links with the past and as integral elements of national culture.

The reaction of the regime has been to renew its emphasis on mass, antireligious propaganda, especially in western Ukraine. Conferences have been organized on the subject of perfecting the methodology to combat Ukrainian Catholicism in western Ukraine.¹² Numerous publications have appeared that attempt to discredit the union of the congregations in Ukraine and what is now Belorussia with Rome in 1596; these go to great pains to prove the allegations that the Catholic Church conducted activities that were directed against the population of Ukraine during the first half of the 20th century.

The growth of interest in Ukrainian Catholicism has to be understood in relation to the general rise of interest in religion, spiritual values, and ethics among the younger generation in Ukraine. Complaints by Soviet officials and their publications attest to this revival. A letter by an avowed atheist published as part of an article on religious belief and atheist propaganda in a 1984 issue of *Nauka i Religiya* (*Science and Religion*) states:

If you could only imagine how difficult it is for us atheists in Ukraine. For many years now, I have been involved in the thankless propagandizing task of Soviet ritualism. I have ploughed through mountains of literature, observed, pondered, and spent many hours in the churches where religious rites are practiced. I have come to the conclusion that Soviet official statistics are very far from reality.¹³

The problem of religious practices in western Ukraine also was raised by the first secretary of the Lvov Komsomol, Oleksiy Babiychuk:

... in this oblast, particularly in the rural areas, a large number of the population adheres to religious practices, among them a large proportion of youth. In the last few years, the activity of the Uniates [Ukrainian Catholics] has grown, that of representatives of the Uniates as well as former Uniate priests; there are even reverberations to renew the overt activity of this Church.¹⁴

Another important factor in the steady growth of interest in Catholicism in Ukraine has been the proximity of the Solidarity movement and the election of a Slavic Pope. It is worth noting that for some years now the Polish dissident movement—particularly members of Solidarity—has supported Ukraine's quest for self-determination in its official statements and publications and, conversely, members of the dissident movement in the Ukraine, like Vasyl' Stus and Yosyf Terelya, have praised Solidarity in their activities. In an open letter, published in 1981 in the journal of Catholic opposition in Poland, *Spotkanie*, Ukrainian Catholics registered their joy on the occasion of the election of Cardinal Wojtyla as Pope.¹⁵

At the same time, Soviet authorities have launched a related propaganda campaign in Ukraine, disseminating publications that criticize the Vatican's support for believers in Soviet-bloc countries. The mass media also has stepped up its attacks on Pope John Paul II, especially his support of Ukrainian Catholics.¹⁶ The antireligious journal *Liudyna i Svit* (*Man and the World*), published in Kiev, stated the following:

Proof that the Church is persistently striving to strengthen its political influence in socialist countries is witnessed by the fact that Pope John Paul II gives his support to the emigre hierarchy of the so-called Ukrainian Catholic Church. . . . The current tactic of Pope John Paul II and the Roman Curia lies in the attempts to strengthen the position of the Church in all socialist countries as they have done in Poland, where the Vatican tried to raise the status of the Catholic Church to a state within a state. In the last few years, the Vatican has paid particular attention to the question of Catholicism of the Slavonic nations. This is poignantly underscored by the Pope when he states that he is not only a Pope of Polish origin, but the first Slavic Pope, and he will pay particular attention to the Christianization of all Slavic nations.¹⁷

These same themes were stressed at a 1981 symposium in Bratislava for specialists in antireligious propaganda in the Warsaw Pact countries. One of the papers dealing with Ukrainian Catholicism stated the following:

Pope John Paul II has approved certain additional measures, directed in support of the Uniates. . . . [The] Head of the Vatican underscored his "dedication" to the Uniates by approving the claims of Cardinal Slipyj to represent and speak on behalf of all the faithful of the Western province of the Ukrainian S.S.R.¹⁸

However, Ukrainian Catholicism, seen as the strongest and most representative exponent of cultural and spiritual

ties with the West, remains an obstacle to the Soviet goal of creating a single Soviet people. The Soviet regime has officially liquidated the church and also has attempted to erase it from historic memory. To enable Moscow to achieve its goals, all signs of the religion's ongoing revival are continuously repressed.

¹See note 4.

²*Voprosy nauchnogo ateizma*, publication no. 24, Moscow, 1979, p. 46. *Stanovleniya i rozvytok masovoho ateizmu v zakhidnykh oblastakh Ukrainy RSR*, (Kiev, 1981), p. 51.

³Soviet repression and liquidation of the Ukrainian Autocephalous Church in eastern Ukraine in the 1920s and 1930s was a portent of its later repression and liquidation of the Ukrainian Catholic Church in western Ukraine. Shortly after the revolution, a number of Ukrainian Orthodox bishops separated themselves from the Russian Patriarchal Church, creating in 1920 an independent Ukrainian Orthodox Autocephalous Church. By 1924, the church embraced 30 bishops, 1,500 priests and deacons, and 1,100 parishes in the Ukrainian S.S.R. From 1922, however, Soviet authorities began imposing restrictions on the Autocephalous Church, attempting to split it from within by supporting a splinter faction. In 1926 they arrested its Metropolitan, Basil Lypkivsky, along with a number of other leaders and ordered the dissolution of its central body, the All-Ukrainian Church Council. Then in 1929, massive repressive measures were taken against the bishops, clergy, and faithful, culminating in the dissolution of the church in 1930. The remnant of the church was allowed to reconstitute itself at the end of 1930 but was progressively decimated until the last parish was suppressed in 1936. According to Ukrainian Orthodox sources, two metropolitans of the church, 26 archbishops and bishops, some 1,150 priests, 54 deacons, and approximately 20,000 lay members of the church councils as well as an undetermined number of the faithful were all killed. See *Ukraine: A Concise Encyclopaedia*, Vol. II, University of Toronto Press, pp. 170-71.

⁴Analecta O.S.B.M., *First Victims of Communism White Book on the Religious Persecution in Ukraine* (Rome, 1953) pp. 42-44. This book was composed by Ukrainian Catholic priests resident in Rome; it was translated from Italian with Ecclesiastical Approbation.

⁵See, for example, K. Kharchev, Chairman of the Council of Religious Affairs attached to the U.S.S.R. Council of Ministers, in an interview for the Warsaw weekly, *Prawo i zycie*, February 8, 1986, p. 13. The current stand of the Russian Orthodox Church regarding the Lvov "Sobor" is presented in detail in "The Moscow Patriarchate and the Liquidation of the Eastern Rite Catholic Church in Ukraine," *Religion in Communist Lands*, Vol. 13, No. 2, Summer

DEPARTMENT STATEMENT, JAN. 28, 1987¹

After reviewing the situation in Lebanon, the Secretary has determined that there is imminent peril to U.S. citizens in Lebanon. Therefore, effective immediately, U.S. passports are not valid for travel to, in, and through Lebanon unless specifically validated for such travel.

We are granting a class exception of up to 30 days for citizens currently in Lebanon so that they may use their passports to depart without violating the law. We are also granting a class exception to the immediate family members of hostages. All other exceptions will be decided on a case-by-case basis. Violators of these passport controls will be subject to prosecution.

Some of our citizens believed and may still believe that their profession, national origin, religious affiliation, links to Lebanese citizens, or their own precautions might save them from the dangers about which they have repeatedly been warned. The events of the past few days have demonstrated that private citizens have neither sufficient information to evaluate the threat against them nor the means to protect themselves.

1985, pp. 182-188. Compare the article of Metropolitan Nikodimus of Lvov and Ternopol, published in *Visti z Ukrainy*, No. 5, January 1986, with the article in *Moskovskyye novosti*, No. 22, June 1986, and the article of K. Dmytruk in *Radianska Ukraina*, May 31, 1986.

⁶Analecta, *First Victims*, pp. 30-59.

⁷*Soviet Persecution of Religion in Ukraine*, Human Rights Commission World Congress of Free Ukrainians, Toronto, 1976, p. 28.

⁸*Ibid.*, pp. 33-34.

⁹Because of the potential for intentionally planted disinformation, it is impossible to be certain that all items in the *Chronicle* were written by or reflect the opinions of Ukrainian Catholics in Ukraine today. However, enough of the facts have been substantiated by other sources to make the *Chronicle* on the whole a credible source of information about the true status of the Ukrainian Catholic Church.

¹⁰Yosyf Terelya, "Declaration to the CC CPU on the formation of the Initiative Group

U.S. Passports Invalid for Travel to Lebanon

Additionally, it should be clear that while the U.S. Government will attempt to help citizens unlawfully detained in Lebanon or elsewhere, our ability to secure their release is limited both by the chaos in Lebanon and our responsibility to protect broad national interests, including the avoidance of actions which might encourage future acts of terrorism.

This determination is not lightly made. We are loath to impede the travel of American citizens in any way. Nevertheless, the situation in Lebanon, and in west Beirut in particular, is so chaotic that we do not believe that any American citizen can be considered safe from terrorist acts. Repeated requests, each more emphatic than the last, have failed to convince some people of the imminent danger and the limited ability of the U.S. Government to assist citizens in distress in Lebanon.

Therefore, the Secretary is exercising his authority to invalidate U.S. passports for travel to, in, and through Lebanon in an effort to persuade Americans not to go or to remain in Lebanon.

¹Read to news correspondents by Department spokesman Charles Redman. ■

of the Defense of the Rights of Believers and the Church in Ukraine," *Arkhiv Samizdata* (AS) 4897, Radio Liberty, Munich, 1983.

¹¹On the *Chronicle*, see Radio Liberty 3/85, "Chronicle of the Catholic Church in Ukraine," January 7, 1985; Bohdan Nahaylo, "The Church Rumbling Beneath the Kremlin," *The Times*, January 12, 1985; Maxine Pollack, "KGB Crackdown in the Ukraine," *The Sunday Times*, January 27, 1985; Bohdan Nahaylo, "Persecuted Ukrainian Catholics Speak Out," *The Wall Street Journal* (European edition), February 18, 1985; Ivan Mhul, "*La resistance tenace des catholiques clandestins d'Ukraine*," *Le Monde*, March 1, 1985; George Zarycky, "Soviet Journal on Religious Dissent May Embarrass Kremlin," *The Christian Science Monitor*, March 6, 1985; Radio Liberty 71/85, "Moscow Still Putting Pressure on Ukrainian Catholics to Break with Rome," March 8, 1985; and Radio Liberty 101/85, "First Issue of New *Samizdat* Journal Put Out by Ukrainian Catholics (Uniates)," March 26, 1985.

¹²In November 1982 a conference was held in Kiev on the topic "The Anti-

Communist Essence of Uniate-Nationalistic Falsification of the History of the Ukrainian Nation," (*Liudyna i Svit*, No. 2, February 1983, p. 21). Toward the end of 1983, in the city of Kalush, Ivano-Frankovsk Oblast, a conference was held dealing with "Uniatism and Ukrainian Bourgeois-Nationalism," (*Liudyna i Svit*, No. 1, January 1984, p. 33). In April 1985 a conference was held in Lvov on "Critique of the Catholic Uniate Ideology in Atheist Propaganda," (*Nauka i Religiya*, No. 11, November 1985, p. 34).

¹³*Nauka i Religiya*, Moscow, No. 10, October 1984, p. 11.

¹⁴*Ibid.*, No. 1, January 1985, p. 10.

¹⁵Ivan Hvat, "The Ukrainian Catholic Church, the Vatican and the Soviet Union During the Pontificate of Pope John Paul II," *Religion in Communist Lands*, Vol. 11, No. 3, (Winter 1983), pp. 264-280.

¹⁶*Ibid.*, pp. 277-278; See also L.F. Shevtsov, *Sotsializm i Katolitsizm*, (Moscow: Nauka, 1982), p. 39.

¹⁷I. Tykhonov, "Catholic Church: New Trends, Old Goals," (in Ukrainian) *Liudyna i Svit*, No. 10, October 1982, pp. 53-54.

¹⁸B. Lobovik, I. Myhovic, "Zlopestne tiche minulosti," *Ateizmus*, No. 4, Bratislava, 1981, pp. 361-469. ■

UN General Assembly Review for 1986

In 1986, the 159 member states and Secretary General Javier Perez de Cuellar began the most sweeping fiscal and administrative reform in the history of the United Nations. The object was not only to reduce waste and raise efficiency but also to add the element of consensus to a budgetary process that had become increasingly divisive and controversial. The United States, with President Ronald Reagan intervening personally and Ambassador Vernon A. Walters marshalling the resources of the U.S. Mission, joined member countries from all parts of the world in a year-long effort at persuasion that achieved the solid promise of success. Secretary of State George P. Shultz delivered the same emphatic message to the General Assembly in the Special Session on the Economic Crisis in Africa: self-criticism and an open-minded realism as the price of cooperation and help.

Continuity in the management of the Secretariat and in the function of quiet diplomacy inherent in the office of the Secretary General during this transitional period was assured by the early and uncontested appointment on October 10th of Mr. Perez de Cuellar to a second 5-year term. Another smooth transition in the leadership of a major UN agency saw William H. Draper III of the United States succeed Bradford Morse as Administrator of the UN Development Program (UNDP).

The great political questions of Afghanistan and Cambodia were debated with undiminished vigor. A larger majority reiterated the Assembly's demand for withdrawal of the foreign forces, Soviet and Vietnamese, occupying those countries.

More emphasis was placed on crucial issues of human rights, expanding the scope of the world community's concern, probing more deeply into abuses, and correcting the imbalance of political favoritism that has long marked the issue. The United States was especially active. Ambassador Walters brought the problem of human rights violations in Cuba formally to the General Assembly for the first time and served notice that the United States will continue to press its charges in every appropriate UN forum until the matter is resolved.

A special session of the General Assembly in May, focusing entirely on the critical economic situation in Africa, was the first ever to be devoted to a

single region of the world. Speakers dispensed with the familiar rhetorical flourishes against "colonialism and neocolonialism." Instead, the session set a tone of practicality and partnership in meeting a grave common danger, auguring well for the General Assembly's work in a difficult year.

Work continued in the legal field, adding pieces to a mosaic of international law to deal with nuclear accidents, for more effective action against the narcotics traffic and terrorism, as well as for the protection of children and the encouragement of trade.

Budgetary and Administrative Issues

For years expanding UN budgets were approved by majority vote against the wishes of member states which contributed 75% or more of the money. The 40th General Assembly, on Japan's initiative, established a broadly representative 18-nation "Group of High-Level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations." Early in 1986, the Secretary General ordered successive administrative economies amounting to some \$60 million per annum. In April, at his urgent request, the 40th General Assembly reconvened to consider "The Current Financial Crisis of the United Nations" and to endorse his economy measures for the current year. In December the 41st General Assembly authorized the extension of these economy measures through 1987—a projected saving of some \$85 million for that full calendar year. The Secretary General had called the situation "above all, a political crisis." Ambassador Walters described it as "a crisis of confidence" for the United Nations as a whole, stressing that confidence had to be restored in the United Nations as an institution that effectively served the ideals of the UN Charter.

The group of experts met in four working sessions between February 25th and August 15th to review a state of affairs in which the General Assembly established "new organs, committees, commissions, and expert groups leading to overlapping agendas and duplication of work." The group's report to the General Assembly spoke of significant growth in the number of conferences and meetings and a volume of documen-

tation that has "surpassed the limit of what can be studied and constructively used." It found parallel growth in the personnel of the UN Secretariat from 1,546 in 1946 to 11,423 in 1986, the structure "complex, fragmented, and top-heavy" with inadequately qualified staff, particularly in the higher categories. The experts recommended severe cuts in staff among some 70 steps to reduce administrative fat, procedural lethargy, and wasteful expense.

While recognizing the need for change, the group was not able to agree upon a new process for drawing up the budget that would check these ills at the source. The United States, the Soviet Union, Japan, Canada, the members of the European Community, Singapore, and India, among others, urged the requirement of decision by consensus in the budgeting procedure. In an enhanced Committee on Program and Coordination, representatives of the entire UN membership could reconcile their views on a budget ceiling, its broad priorities, and a contingency fund to cover unforeseen supplemental expenditures. Those who opposed such a course professed to see it as giving the large contributors an effective veto on the Assembly's budgetary prerogative and contravening the one-nation, one-vote provision of the Charter.

This was the overriding issue of the 41st General Assembly, with the members increasingly aware that the future of the United Nations hung in the balance. The Secretary General warned the Assembly that the United Nations was operating "on the brink of bankruptcy" because many members had withheld parts of their assessed contribution to the budget. The Soviet Union, in arrears over many years, owed by far the largest amount. But in 1986, Congress held back sizable portions of the U.S. contribution, reducing the total payment for the year to just under half its annual assessment, in part because of America's own fiscal retrenchment but also out of disaffection with its perception of the UN's performance. It saw wasteful and inefficient management, a political double standard directed against the United States and its friends, and an intensified effort by the Assembly majority to seize legislative power in worldwide economic development decisions as well as in UN finances.

On September 22d, President Reagan addressed the Assembly—for the fifth time, more than any U.S. President before him—with words of admonition and reassurance. "The United States,"

he said, "remains committed to the United Nations. For over 40 years, this organization has provided an international forum for harmonizing conflicting national interests and has made a significant contribution in such fields as peacekeeping, humanitarian assistance, and eradicating disease." He noted: "This organization itself faces a critical hour—that is usually stated as a fiscal crisis. But we can turn this 'crisis' into an opportunity. The important reforms proposed by a group of experts can be a first step toward restoring the organization's status and effectiveness. . . . And you have my word for it: my country, which has always given the UN generous support, will continue to play a leading role in the effort to achieve its noble purposes."

Ambassador Walters raised his voice in the General Assembly a month later. On October 15th, he warned: "The United Nations is at a critical juncture. It is facing a crisis of reform, the root causes of which are political and bureaucratic. . . . If the agreed recommendations of the G-18 report are enacted hand-in-hand with the establishment of a program and budget decision-making mechanism operating on the basis of consensus, the organization's ability to live up to the goals of the Charter—to fulfill the hopes of the peoples of the United Nations, particularly the poorest and most defenseless—will be measurably increased."

It took 2 months of arduous negotiation to bring that wish to fruition. At one point, as negotiations in New York seemed to be deadlocked, President Reagan intervened with personal letters to a number of key African leaders. Stressing the importance of the issue, he reaffirmed his Administration's desire to preserve the UN's credibility and its adherence to the original goals. Mr. Reagan appealed for each leader's assistance in correcting the current disagreement, noting that this would help him to gain the approval of Congress.

On December 19th, the Assembly adopted a resolution approving the essential recommendations of the group of experts, spelling out the budget-making procedure. Steps to implement these suggestions (e.g., setting up the contingency fund) will begin immediately. The new system is fully to take effect with the beginning of the next biennial budget cycle in 1988. Every-

thing will hinge, however, on the maintenance of consensus. A resort to voting to resolve disagreement would invalidate the entire arrangement.

President Reagan and Foreign Minister Humayun Rasheed Choudhury of Bangladesh, President of the 41st General Assembly, who had personally guided the decisive final phase of the negotiations, called the Assembly resolution "historic." He and Secretary General Perez de Cuellar received the personal thanks of Mr. Reagan and Vice President George Bush. Ambassador Walters called it "a great day for the United States. . . great for the United Nations, a great day for mankind." "I will recommend," he said, "that the United States meet its assessed contribution."

Political Issues

Some of the great international political issues on the UN's agenda—the Iran-Iraq war, Cyprus, Middle East peace in its various aspects, Namibia, and South Africa—were not discernibly moved toward solution. That held also for Central America, although a consensus affirmed the need for dialogue, nonintervention, and democracy in the context of the Contadora objectives. Neither were Afghanistan and Cambodia brought closer to solution, but here world opinion appeared much more united. A majority of 122 to 20, with 11 abstentions (only the Soviet bloc and client states voting no), called for the immediate withdrawal of foreign troops from Afghanistan. However, the Secretary General's quiet efforts to obtain a program with a timetable for Soviet forces to leave and give the Afghan people their independence remained unavailing. The same was true for Cambodia, despite a record majority of 115 to 21 calling for a just and lasting solution based on the withdrawal of all foreign, that is to say Vietnamese, troops. Nevertheless, the occupiers feel the unflagging pressure of worldwide disapproval.

Human Rights Issues

The struggle for human rights—more active, more judicious, and more extensive than ever—also saw the United States among the broad majority. The UN Human Rights Commission created the post of special rapporteur on religious intolerance against the votes of the Soviet bloc, taking the first step toward ultimate enforcement of the General

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Assembly's "Declaration on the Elimination of All Forms of Intolerance Based on Religion and Belief" adopted in November 1981. It is a modest beginning. The rapporteur's renewable 1-year mandate is to obtain reliable information from governments, private and official agencies, religious communities, and groups of believers about cases of intolerance around the world. At first, he will ask countries privately to reply directly to accusations. His report will then describe categories of religious intolerance but not name the countries.

One move in the reorganization of the UN Secretariat, the appointment of an Under Secretary General as Director General of the UN's Geneva office and Director of the Human Rights Center, may encourage more action in this field.

In New York, the General Assembly energetically engaged the problem of human rights. President Corazon Aquino of the Philippines reproached the Assembly, which had set international standards of human rights, for doing too little to put them into practice. "If the United Nations does not notice how governments treat people," she said, "it is nothing."

In its 41st session, the Assembly took more, and more clearly focused, notice than ever. It is only recently that the United Nations has gone beyond South Africa, Chile, and Israel in reporting on human rights complaints. This year, the Assembly, by a larger vote than ever before, expressed grave concern over a rapporteur's findings of widespread and murderous violation of rights by the Soviet puppet regime of Afghanistan. And, again by a larger vote, it rebuked Iran for violating "the right to freedom from torture or cruel, inhuman, or degrading treatment or punishment" and for "carrying out summary and arbitrary executions." As in the previous year, neither Afghanistan nor Iran allowed the UN investigators to check their fundings on the spot.

Human rights resolutions on El Salvador and Guatemala were more balanced than before, but the United States regarded one on Chile as disappointingly one-sided, not accurately reflecting the report of the UN's representative in Chile.

Toward the end of the 41st General Assembly, the flagrant violation of human rights by the Castro regime in Cuba was formally raised by the United States. Ambassador Walters pointed out that Cuba has the highest number of political prisoners per capita in the world

and that its record of systematically suppressing individual freedom is one of the worst. "We must not tolerate a double standard in human rights," he said. "Tyrannies of the left should not be any more immune from condemnation than those of the right." Walters demanded a UN investigation of rights in Cuba. While there was not time for action in this Assembly, he declared that the United States will pursue its initiative in every appropriate UN forum.

President Reagan, in a message on December 10th, the 38th anniversary of the UN's Universal Declaration of Human Rights, observed: "History demonstrates that there can be no genuine peace without respect for human rights, that governments that do not respect the rights of their own citizens are a threat to their neighbors as well."

The United States underscored the link between Article 17 of the Universal Declaration, the right of the individual to own property, and economic and social development. An overwhelming majority brushed aside Soviet bloc efforts to amend or postpone action on this resolution.

Another American-sponsored resolution on enlisting individual initiative, the talents of indigenous entrepreneurs, in development was readily adopted as was the reminder that the African rains that broke the drought and ended the famine emergency raised a new concern requiring timely, joint, preventive action: the revival of desert locust swarms which could devour the newly grown crops.

External Debt

The issue of the external debt of developing countries, which several member states had refused even to debate a year and a half ago, demanding instead that debts be canceled, was quietly and soberly discussed in the 41st General Assembly. In what the United States described as a "significant achievement" and a "model of cooperation," a consensus resolution emerged that acknowledged Secretary of the Treasury James A. Baker's program for sustained growth. It recognized the need for national policy adjustments and structural reforms.

The Special Session on Africa

The practical and political problems involved in economic and social improvement were the subject of the 13th special session of the General Assembly, convened to deal for the first time with a single regional problem, the critical economic situation in Africa. With the memory of the epic international famine relief operation of 1985 still fresh, senior statesmen gathered at the United Nations and agreed from the outset that much more was needed than emergency help. Secretary Shultz demanded fundamental reforms. "We have seen," he said, "how now-discredited orthodoxies about state-directed development gave rise to misguided policies that stifled individual initiative," creating a long-term decline in food production. "... economic conditions on the continent as a whole are no better, and perhaps worse, than they were some 25 years ago—all this, despite massive injections of foreign aid." He noted what he called the remarkable success of China's unprecedented experiment with unleashing individual incentives. "We can do more," said Secretary Shultz, "for Africans who are trying to reform their economies, and we will."

The special session's theme was partnership. On the African side, responsible spokesmen led by President Abdou Diouf of Senegal, chairman of the Organization of African Unity, overrode the radicals. They discarded the old confrontational clichés which portrayed Africa's troubles as the legacy of colonial rule and their solutions in terms of transfers of wealth from the industrial north to the developing nations of the south. They dealt, instead, with Africa's responsibility to cope with its needs as best it can if it is to call for help from outside—in short, policy reform and self-help. "Agriculture," said President Diouf, "is the cornerstone of all our works... the priority of priorities." A Program of Action for African Recovery and Development 1986-1990 underscored the "primary responsibility" of the governments of Africa for the economic and social development of their countries. It eschewed grandiose proposals in favor of such realistic steps as moving toward self-sufficiency in food by placing "primary focus" on women farmers who dominate food production in most countries; eliminating pricing policies that discourage production and strengthening incentive schemes; changing radically in the educational systems

to generate skills, knowledge, and attitudes relevant to Africa's needs; encouraging "the positive role of the private sector;" and South-South cooperation. Work is now in progress on setting up the international machinery to put precepts to work.

International Legal Issues

The United Nations remains the focal point for efforts to erect and enlarge a framework of international law. The General Assembly commended the International Atomic Energy Agency (IAEA), a specialized agency of the United Nations, for its swift response to the disaster at the Chernobyl nuclear reactor in the U.S.S.R. on April 30th. By September, member states had drafted two conventions to strengthen international cooperation in nuclear safety. One, on "Early Notification of a Nuclear Accident," obliges all signatories to give prompt notice to the IAEA and any state likely to be affected by substantial radioactive release. The second, on "Assistance in the Case of a Nuclear Accident or Radiological Emergency," sets rules on such questions as legal rights and reimbursement when help is requested or proffered. One aspect left open is liability for damage caused by the accident.

The Assembly approved a Declaration on Social and Legal Principles Relating to the Protection and Welfare of Children, with Special Reference to Foster Placement and Adoption Nationally and Internationally. It seeks to set guidelines for legislation around the world. The United States was among those countries urging high standards in the foster care and adoption process, insuring that the interests of the child are paramount. Not headline news, but this accord, negotiated across wide cultural barriers, may improve the lives of hundreds or thousands of children who might otherwise fall victim to adoption rackets of all kinds.

Another convention came out of parking orbit with the United States, China, and Italy deposited their instruments of ratification with the United Nations in December, bringing it into force. It is the UN Convention on Contracts for the International Sale of Goods, which bridges the differences among the world's variegated legal systems to define buyers' and sellers' rights and obligations. It should facilitate settlement of disputes and encourage foreign trade.

Terrorism and Narcotics

One of the most sensitive sides of preventing terrorism is eliminating the use of diplomatic passports and diplomatic pouches in the furtherance of terrorist operations. An Assembly resolution admonished all who enjoy diplomatic privileges and immunities not to abuse them but to abide by the laws of their host country.

Preparations continued for the UN International Conference on Drug Abuse and Illicit Trafficking to be held in Vienna in June 1987, unpoliticized and on the basis of consensus in which supplying and consuming countries have joined. One of its goals is the approval of a convention against illicit traffic in narcotic drugs and psychotropic substances. It would mandate close cooperation by the parties to prevent the crime or to punish drug traffickers, including forfeiture of all property and money involved in it.

Chemical Weapons

In the disarmament field, the General Assembly adopted by 137-0 a U.S.-sponsored resolution called for intensified effort to conclude a convention on the complete and effective prohibition of the development, production, stockpiling, and use of chemical weapons—and for their destruction. It was a sentiment made timely by reports of such use in the gulf war, Afghanistan, and Southeast Asia.

Other Issues

The threat to universality of representation in the General Assembly expressed in the perennial challenge to Israel's credentials, a threat that the United States has said it would not tolerate, was once again quickly parried. Direct attacks on U.S. policies in several draft resolutions were, for the most part, expunged with the help of many members who object to this offensive tactic. But the American delegation found it necessary demonstratively to walk out of the Second (Economic) Committee. It did so in protest against parliamentary maneuvers that blocked efforts to amend a Nicaraguan resolution condemning the embargo on U.S. trade with Nicaragua.

Nonetheless, on the whole, the United States noted further improvements in the conduct of business and the tone of discourse in 1986. One delicate

problem falling within the responsibility of the United States as host country of the United Nations is being dealt with quietly. Early in the year, Washington notified the Soviet Union that the size of the three Soviet missions to the United Nations—those of the U.S.S.R., the Ukrainian Soviet Republic, and the Belorussian Soviet Republic—would have to be reduced. At that time, their joint strength of 275 employees was greater than that of the next two largest missions combined. The Soviet missions are being reduced in stages to roughly 170 by April 1, 1988.

American diplomacy won appreciable, on occasion even decisive, support from the self-styled nonaligned nations when they voted their individual interests—as they did on Afghanistan and Cambodia. And the U.S. mission saw with satisfaction the consistent cooperation of allies and friends in the European Community and beyond. This was apparent in the dismissal of the Israeli credentials challenged and in the relatively weak support the Assembly gave a resolution condemning the air strike against Libya in April. The Europeans and others joined the United States in arguing against the promotion of a "new world information and communications order," which we saw as an attempt to manipulate and monopolize news and information of all kinds.

Above all, the year's success in launching UN reform indicates that it is possible to rally all elements of the world community for determined effort in the name of common sense and the self-interest which is the expression of shared ideals.

USUN press release 187 of Dec. 31, 1986. ■

Visit of Costa Rican President



President Oscar Arias Sanchez of the Republic of Costa Rica made an official working visit to Washington, D.C., December 3-6, 1986, to meet with President Reagan and other government officials.

Following are remarks made by the two Presidents after their meeting on December 4.¹

President Reagan

It's been a great pleasure to welcome President Arias and distinguished members of his government here today. The good will evident in our meetings underscores the enduring bond between our countries and between all peoples who cherish democracy and human freedom.

Costa Rica and the United States stand together, foursquare in our commitment to democracy in this hemisphere. The progress we've witnessed in the Americas in recent years has indeed been heartening. It wasn't that long ago when Costa Rica was Central America's only democracy. Today we look with satisfaction at the impressive development of democratic institutions in Guatemala, Honduras, and El Salvador. The despair of yesterday has been

replaced, for the most part, by the promise of tomorrow.

Yet over this fragile democratic promise looms the shadow of communist dictatorship in Nicaragua, where a totalitarian, expansionist regime violates the human rights of its people and threatens the peace and freedom of its neighbors. Hundreds of thousands of Nicaraguans have already fled the hunger, repression, and assassination in their own land, seeking safety in Costa Rica and Honduras. This challenge cannot be ignored without imperiling the peace, stability, and freedom in all of Central America.

President Arias, you have earned the respect of free people everywhere with your courageous defense of the right of the Nicaraguan people to liberty. Despite threats, insults, and provocation, you have not shrunk from your firm stand against totalitarianism next door. As the leader of the region's oldest and strongest democracy, your words have special significance and carry moral weight. As you've said: democratization is the key to peace in Central America.

Well, the United States agrees. Promoting and protecting democracy has the full backing of the Congress and the American people. The establishment of a

Soviet beachhead on the mainland of the Americas, a base camp for terrorism and the subversion of democracy, remains unacceptable.

There has been no deterioration of our commitment, no weakening of our resolve. Let there be no mistake, the free people of Central America will not be abandoned to communist domination. Our support for freedom in your region, President Arias, remains unflinching. Costa Ricans and the other free people of Central America can have faith that they will not be abandoned in the face of this deadly threat to your security and freedom. Central America belongs to the future, and the future is democracy.

Cooperation, friendship, and respect have been hallmarks of the U.S.-Costa Rican relationship for many years. Our discussions today reaffirmed that our relations will continue on a high note. The United States, as was made clear in today's meetings, remains Costa Rica's steadfast friend and ally.

President Arias, I wish you a safe journey home, and I look forward to our next meeting and to the day when democracy reigns throughout Central America.

President Arias

I'm very pleased by this frank and sincere dialogue. The discussion of political and economic problems, the solution of which affects both our countries, was constructive and encouraging. For many years Costa Rica has been bordered on the north by oppression and violence. My country is not a party to the problems of Central America, but the problems of Central America are part of our problems.

We wish to keep Costa Rica out of Central American armed conflicts. We do not want violence to cross our borders. We hope that our brothers and sisters in the region can enjoy our peace. We think that only democracy can guarantee reconciliation between peoples. Accordingly, we have proposed an alliance for freedom and democracy. Only if we endeavor to enable our peoples to enjoy democracy, only if we encourage the downfall of all tyrants equally, can we prevent threats to peace throughout the world from growing in the Americas.

White House photo by Bill Fitz-Patrick

The challenge Costa Rica faces extends beyond the Central American problem. We aspire to higher levels of development. Only the absence of extreme poverty is a guarantee of peace and a shield against violence. We wish to overcome the seed of political uncertainty and economic crisis by strengthening both our democracy and our economy. Today, more than ever, we must strive for general well-being and prevent the spread of poverty. Today, more than ever, we must reaffirm our faith in the roads to freedom. Today, more than ever, we must direct our sacrifices with a full sense of history. Today, more than ever, we need international solidarity and fair treatment in trade and finance, because we are the boundary between peace and war and between freedom and oppression.

The democracy in which many American nations live today cannot be consolidated without economic development and social justice. Before any political or economic conditions can be imposed on the democracies of the Americas, there must be a commitment from the Western world to strengthen democracy in all our nations. In the Americas, peace must be democratic, pluralistic, tolerant, and free. While dogmatism and intransigence persist and there is no dialogue, peace will be impossible. Working together for democracy, freedom, and development is working together for peace.

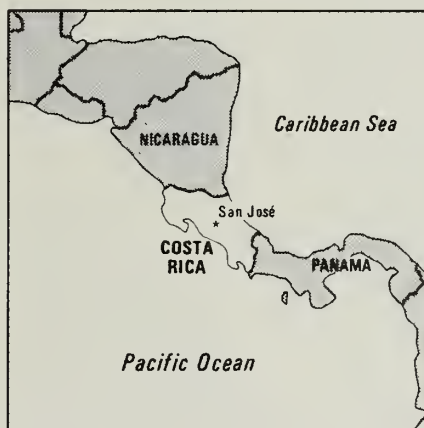
Mr. President, once again, I wish to tell you how pleased I am with the numerous areas of agreement in our talks. I leave convinced that this ongoing dialogue between ourselves will help perpetrate the excellent friendship between our two countries.

¹Made in the Rose Garden at the White House (text from Weekly Compilation of Presidential Documents of Dec. 8, 1986.) ■

Costa Rica—A Profile

People

Nationality: *Noun and adjective*—Costa Rican(s). **Population** (1985): 2.6 million. **Annual growth rate** (1985): 2.6%. **Density:** 51.0/sq. km. (132.0/sq. mi.). **Ethnic groups:** white (including a few mestizos) 96%, black 3%, Indian 1%. **Religion:** 95% Roman Catholic. **Language:** Spanish, with Jamaican dialect of English spoken around Puerto Limon. **Education:** *Years compulsory*—6. *Attendance*—nearly 100%. *Literacy*—90%. **Health:** *Infant mortality rate*—15.2/1,000. *Life expectancy*—men 67.5 yrs., women 71.9 yrs. **Work force** (853,000, 1985 est.): *Agriculture*—32.6%. *Industry and commerce*—40.4%. *Services and government*—25%. *Other*—2%.



Geography

Area: 51,022 sq. km. (19,700 sq. mi.), slightly smaller than W. Virginia. **Cities:** *Capital*—San Jose (metropolitan pop. 800,000). *Other cities*—Alajuela (41,000), Cartago (40,000). **Terrain:** A rugged, central massif runs the length of the country separating coastal plains. **Climate:** Tropical and semitropical.

Government

Type: Democratic republic. **Independence:** September 15, 1821. **Constitution:** November 9, 1949.

Branches: *Executive*—president (head of government and chief of state) elected for a single 4-yr. term, two vice presidents, Cabinet (16 ministers). *Legislative*—57-deputy unicameral Legislative Assembly elected at 4-yr. intervals. *Judicial*—Supreme Court of Justice (17 magistrates elected by Legislative Assembly at 8-yr. intervals).

Subdivisions: Seven provinces divided into 80 cantons as well as districts.

Political parties: Social Christian Unity Party (PUSC), National Liberation Party (PLN), Popular Vanguard Party (PVP), Costa Rican Peoples Party (PPC), Movement of the New Republic (MNR), Costa Rican Socialist Party (PSC). **Suffrage:** Obligatory over age 18.

Central government budget (1985): \$603.9 million.

Defense (Ministry of Public Security) 0.9% of est. 1985 GDP.

Holiday: Independence Day, September 15.

Economy

GDP (1985): \$3.71 billion. **Annual real growth rate** (1985): 2.2%. **Per capita income** (1985): \$1,352. **Inflation** (1985 wholesale prices): 15%.

Natural resource: Hydroelectric power.

Agriculture (19.6% of GDP): *Products*—bananas, coffee, beef, sugarcane, grain.

Industry (21% of GDP) *Types*—food processing, textiles and clothing, construction materials, fertilizer.

Trade (1985): *Exports*—\$928 million: coffee, bananas, beef, sugar, cocoa. *Major markets*—US 53%, CACM 14%, FRG 9%. *Imports*—\$1,037 million: manufactured goods, machinery, transportation equipment, chemicals, fuel, foodstuffs, fertilizer. *Major suppliers*—US 40%, CACM 10%, Japan 8%.

Exchange rates: *Official rate*—20 colones=US\$1. *Market rate*—54.40=US\$1 (April 1986).

Fiscal year: Calendar year.

US economic aid received (1985): \$195 million.

Debt service charges as % of exports: 60% in 1985; 1986 debt service schedule is under discussion with creditors.

Membership in International Organizations

UN and some of its specialized and related agencies, including the World Bank, FAO, IAEA, ICAO, IDA, WMO, ILO, IPU, ITU, WHO; Organization of American States (OAS), Central American Common Market (CACM), Inter-American Development Bank (IDB), International Wheat Council (IWC), Latin American Economic System (SELA).

Taken from the *Background Notes* of May 1986, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

Democracy in Latin America and the Caribbean: The Promise and the Challenge

Recent moves toward more democratic systems of government in Latin America are now a decade-long trend that has led to the replacement of numerous military regimes or dictatorships (see map at centerfold). In the United States during the same period, considerations of human rights, the dignity of the individual, and the defense of freedom have led to a widening bipartisan consensus in support of democracy as a key principle of U.S. foreign policy.

These converging trends create a rare opportunity. If sustained, they could have profound implications for the future of the Western Hemisphere. At a minimum, their continued convergence can make possible a new era of greater cooperation in hemispheric relations.

The instability of past Latin American development and the discontinuity of U.S. policy toward its neighbors make clear that this long-term promise is still just a possibility. Today's converging trends are real, but they are also fragile. Latin Americans continue to struggle with numerous and urgent obstacles to full democratization, including appalling differences in the living standards of rich and poor, inadequate economic opportunities, and political extremism. To help turn today's promise into tomorrow's reality, the United States also must overcome many domestic problems and conflicting priorities that hinder sustained U.S. support for democracy in Latin America and the Caribbean.

Both the democratic promise and the challenges to it have become more sharply defined since the Department of State first reported on the democratic transition nearly 3 years ago (see "Democracy in Latin America and the Caribbean," Department of State Bulletin of October 1984). This report was prepared in the Bureau of Inter-American Affairs.

Latin America and the Caribbean

RECENT ACHIEVEMENTS

Since the early 19th century when most of the nations in the hemisphere achieved independence, most people living in the region found that national independence did not necessarily bring individual freedom. Today's democratic advances, however, could mark a watershed between a past of instability and authoritarianism and a future of greater freedom.

Just a decade ago, such a possibility seemed remote indeed. In 1976, only 34% of the people in the Western Hemisphere outside the United States and Canada enjoyed democratic rule. True, Costa Rica had a strong tradition of civilian authority, competitive politics, and model constitutional arrangements for elections. But Costa Rica's neighbors in Central America were presided over

"Man's capacity for justice makes democracy possible, but man's inclination to injustice makes democracy necessary."

Reinhold Niebuhr

by generals who had become presidents either by open use of force or by stage-managed elections. In South America, democratic Venezuela and Colombia were almost as isolated. Led by generals as different as Chile's Augusto Pinochet on the right and Peru's Juan Velasco on the left, the continent was almost defiantly militarized. The promise of Bolivia's national revolution of the 1950s had given way to military dominance, as had Uruguay's social democratic utopia. Even decentralized and moderate Brazil was under military rule. Individual Latin Americans bearing witness to torture and official violence were in exile

throughout the Americas and Europe. When internal war and repression in Argentina were followed by surprise military action in the Falklands/Malvinas Islands, many saw a pattern that symbolized a region condemned to military abuse and antidemocratic practice.

In marked contrast, today 91% of the people of Latin America and the Caribbean live in nations committed to a future based on democratic principles. In 10 years, 10 countries have moved, often dramatically, toward democracy. In nine of the ten, military presidents have been replaced by elected civilians: Argentina (1983), Bolivia (1982), Brazil (1985), Ecuador (1979), El Salvador (1984), Guatemala (1986), Honduras (1982), Peru (1980), and Uruguay (1985). In the 10th country, Grenada, an elected civilian succeeded two consecutive autocrats who were themselves civilians but who had relied on armed thugs to rule. (In an 11th country, Panama, direct military rule ended in 1978, but in a clear setback for democracy in 1985, a civilian president was pressured to resign by the military.) In the Caribbean Basin, the six former British dependencies—Antigua and Barbuda, Belize, Dominica, St. Christopher and Nevis, St. Lucia, and St. Vincent and the Grenadines—that became independent nations during the past decade did so as democracies.

The following examples of electoral politics where there were none just a few years ago highlight the progress that has been made from the Caribbean to Tierra del Fuego and from Central America to the Andes.

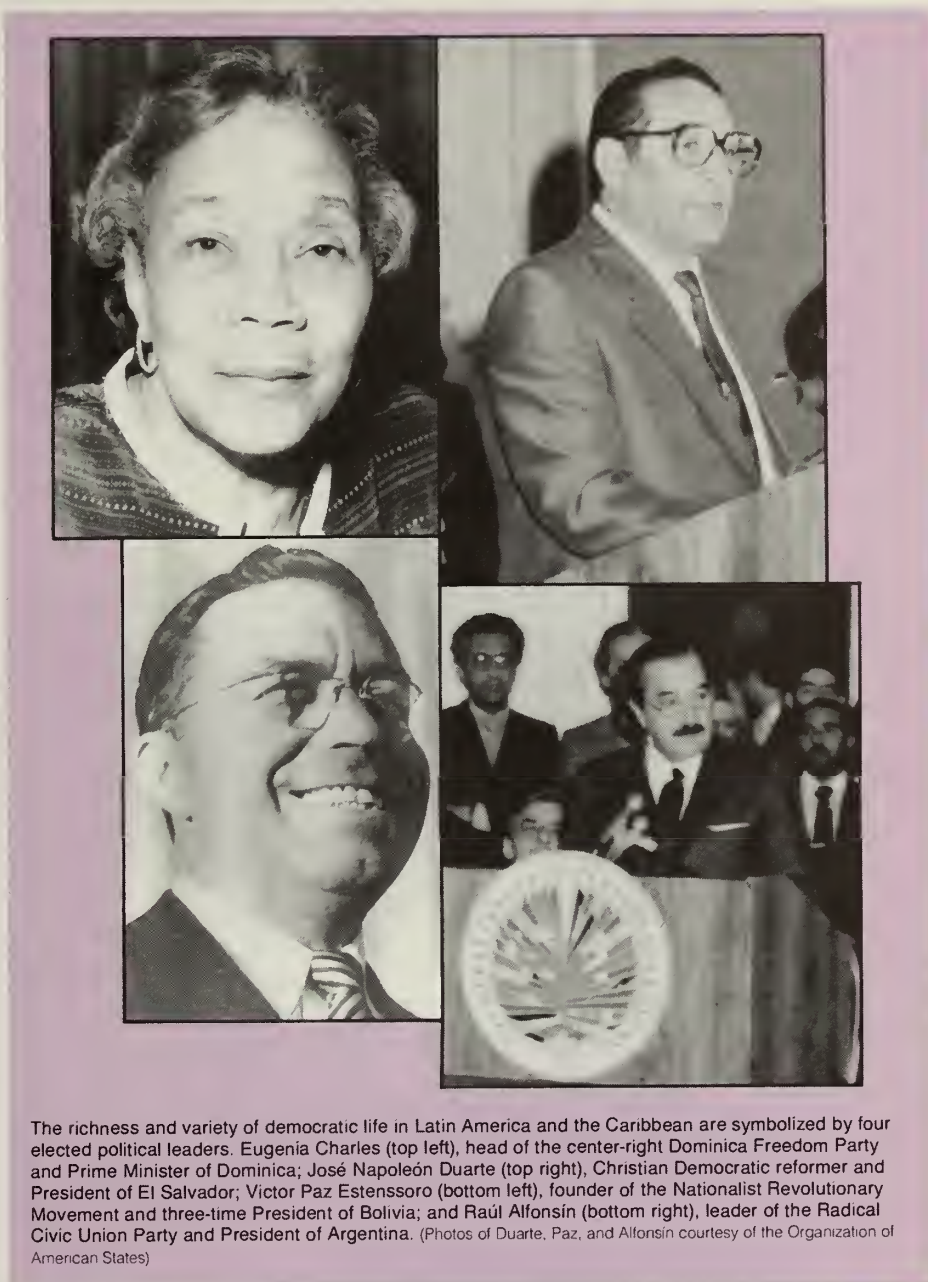
Argentina. The 1983 presidential and legislative elections ended a decade of internal conflict and military rule. Voter participation exceeded 85% of those registered in an open contest among eight political parties representing the full political spectrum. The presidential race offered a choice between candidates from Argentina's two major historic movements, Peronism and Radicalism. In winning, Radical Civic Union leader Raúl Alfonsín received the most votes in Argentine history. In the two ensuing years, voter

registration increased by an additional 4%, and the 1985 legislative elections again attracted massive participation.

Brazil. Congressional and municipal elections in 1982 heralded the transition to civilian government and the resurgence of competitive electoral politics in Latin America's largest country and the world's third most populous democracy (after India and the United States). The percentage of adults who voted rose from 45% in 1962 to 81% in 1982. A civilian president was elected by indirect vote on January 15, 1985, but died before his inauguration. In accordance with legal procedures, the civilian Vice President-elect, José Sarney, was sworn in, ending two decades of military rule. The democratic transition is being completed with the writing of a new constitution by the Congress elected in November 1986 by more than 47 million voters.

Dominican Republic. The ruling party expected to retain the presidency and to control the legislature in the May 1986 national elections. But after 70% of the registered voters cast their ballots, the opposition candidate had the most votes. When the leader of the opposition, Joaquín Balaguer, became president in August 1986, the entirely peaceful transfer of power was a reaffirmation of Dominican democracy. The absence of either interference by the military or outside intervention also contrasted markedly with past Dominican history, which includes the 31-year Trujillo dictatorship, a military operation by the United States and the Organization of American States in 1965, and overt pressure from the United States for all sectors to support the results of the democratic elections in 1978.

El Salvador. Four times in 5 years, massive numbers of voters braved violence and threats of violence to cast their ballots in hotly contested nationwide races conducted under intense international scrutiny. In 1984, an absolute majority of all adult Salvadorans twice defied guerrilla appeals for a boycott to vote in the first truly competitive presidential elections in 12 years. The result: civil engineer and Christian Democratic leader José Napoleón Duarte—the very man who had been denied the presidency by the military in 1972—was elected over retired Army Maj. Roberto D'Aubuisson and six other candidates.



The richness and variety of democratic life in Latin America and the Caribbean are symbolized by four elected political leaders. Eugenia Charles (top left), head of the center-right Dominica Freedom Party and Prime Minister of Dominica; José Napoleón Duarte (top right), Christian Democratic reformer and President of El Salvador; Victor Paz Estenssoro (bottom left), founder of the Nationalist Revolutionary Movement and three-time President of Bolivia; and Raúl Alfonsín (bottom right), leader of the Radical Civic Union Party and President of Argentina. (Photos of Duarte, Paz, and Alfonsín courtesy of the Organization of American States)

Grenada. After the Marxist New JEWEL Movement seized power in a 1979 coup, it reneged on its promise to hold elections. In October 1983, however, the New JEWEL's "People's Revolutionary Government" disintegrated in bitter factional fighting. Prime Minister Maurice Bishop and three other ministers were assassinated by their own comrades. At the invitation of Governor General Sir Paul Scoon, a joint U.S.-Caribbean military expedition restored order, then withdrew, leaving a provisional government named by Grenada's Governor General to organize free elections. On December 3, 1984, 85% of Grenada's registered voters went to the polls to elect a parliament. Six

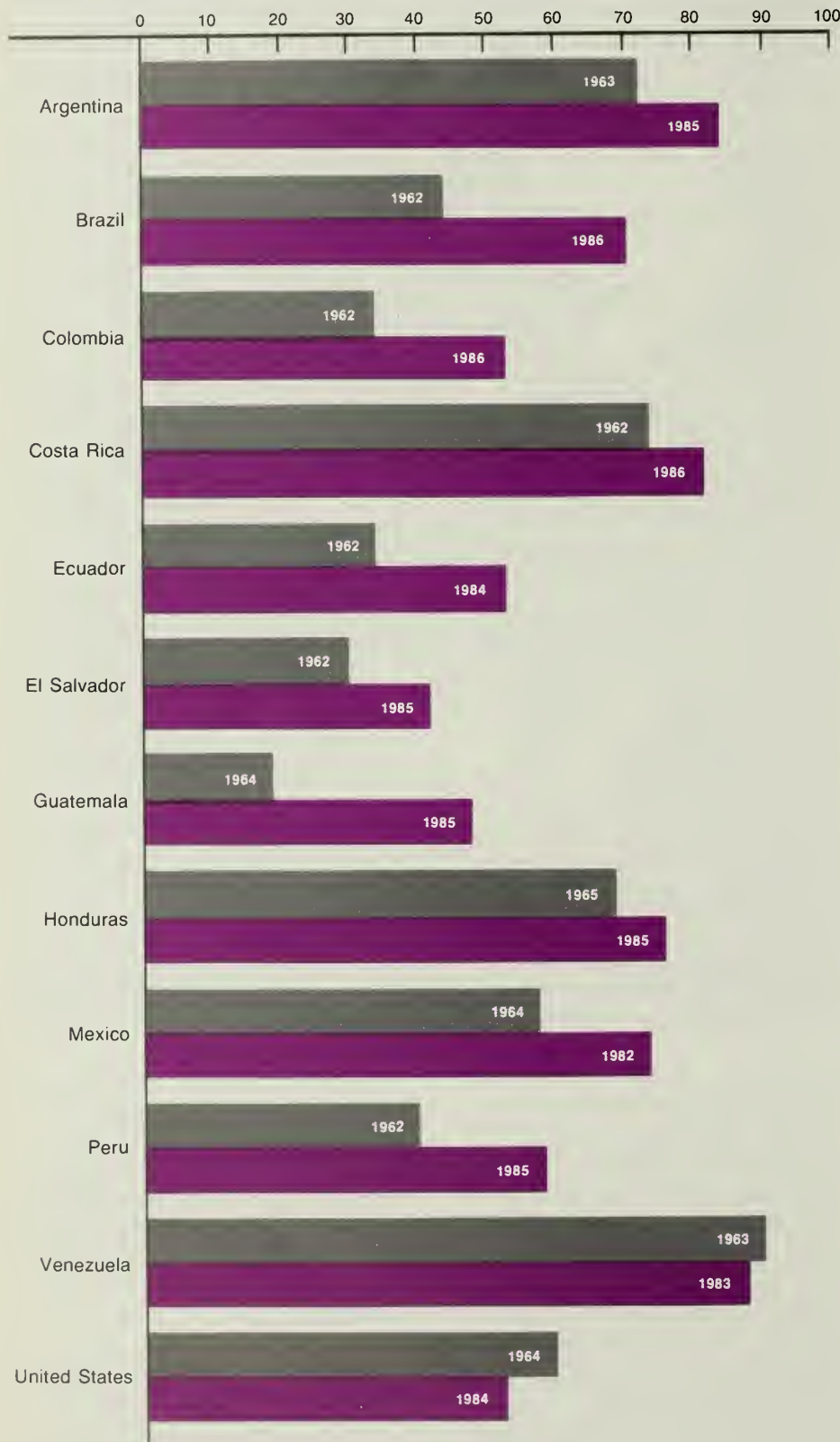
political parties were on the ballot, including one formed by supporters of Maurice Bishop and one backed by former Prime Minister Eric Gairy (whose violent overthrow had initially enabled Bishop to seize power). Neither of these groups was successful: the New National Party garnered roughly 58% of the vote, and Herbert Blaize formed a new government in accordance with the 1974 constitution.

Guatemala. Seeking a political path out of Guatemala's internal violence and international isolation, military leaders in 1983 decided to transfer power gradually to civilians. On July 1, 1984,

WESTERN HEMISPHERE

Growth of Voter Participation in Selected Countries¹

Estimate of percent of total adult population voting



¹Estimates based on votes cast as a percentage of total population age 20 or over as reported in the *United Nations Demographic Yearbook* for the year in question.

72% of Guatemala's eligible voters cast ballots that sent representatives from nine political parties and one regional civic committee to a constituent assembly. On November 3, 1985, free elections were held for president, vice president, congressional deputies, and mayors. When no candidate for the presidency received a majority, a runoff was held on December 8, 1985, between the two leading contenders, both civilians. In that contest, Christian Democrat Vinicio Cerezo won more than 68% of the vote. On January 14, 1986, the new constitution came into force, Cerezo was inaugurated, and military control over daily life in Guatemala was sharply reduced.

Peru. After 12 years of military rule, the 1979 constitution and 1980 presidential elections put Peru back on a democratic course under civilian leadership. Since then, municipal (1983 and 1986) and presidential (1985) elections have followed prescribed constitutional and legal procedures. In 1985, more than 91% of Peru's registered voters divided their ballots among candidates representing 12 political parties. Alán García became the first member of Peru's historic American Popular Revolutionary Alliance (APRA) party to be elected president. He also became the first elected civilian since 1945 to receive Peru's presidential sash from another elected civilian.

Uruguay. Uruguay returned to democratic government in March 1985 following 12 years of military rule that had tarnished a record of freely elected civilian government dating back to the 19th century. More than 87% of the nation's eligible registered voters cast their ballots in national elections in which two major political parties and a leftist coalition competed.

The swell of democracy is not superficial. It has been welcomed by electorates which have organized, campaigned, and voted in record numbers throughout the region. Since 1980, voters in 24 independent countries of Latin America and the Caribbean have cast more than 280 million votes in more than 50 nationwide elections to select presidents, national legislatures, and constituent assemblies. In virtually every case, the number of people going to the polls reached record highs.

Compared to the 1950s and 1960s, the proportion of eligible voters actually going to the polls has been up sharply, in some cases by as much as 50%. Nor have the increases resulted from forced voting. Turnouts were as high or higher in some countries where voting is not mandatory (85% in Grenada in 1984 and 89% in The Bahamas in 1982) as in some countries where voting is traditionally compulsory. Where voting is required, the historic form of voter protest, the incidence of blank or defaced ballots, tended to diminish substantially as voters gained the opportunity to vote for genuine alternatives.

Democracy, of course, is more than free elections. But its essence is the right of citizens to decide regularly whether to keep or replace those who claim to represent them. The absence of genuinely free elections in Chile and Paraguay, patently unfair elections in Nicaragua, and allegations of vote fraud in Mexico and Panama are major continuing difficulties. Cuba has not held a single direct popular election for national office since Castro came to power in 1959.

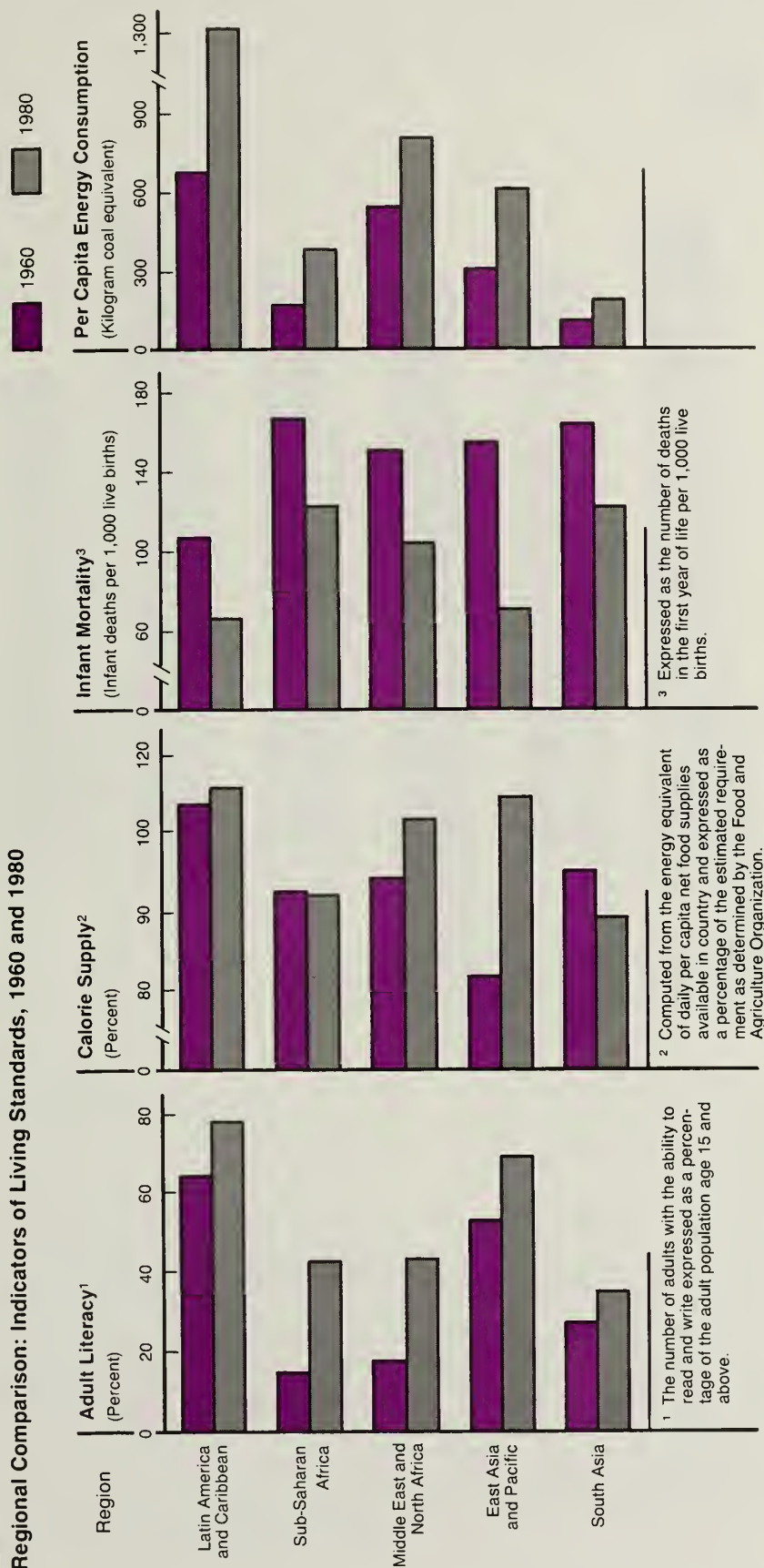
Though Latin America's recent electoral record is still far from perfect, the changes that have already taken place have made an enormous difference for millions of Latin Americans. Most of the brutal dictatorships are gone. Latin America's longstanding democracies—Costa Rica, Venezuela, and Colombia—no longer are isolated. On the contrary, it is the authoritarian regimes that are becoming isolated. Cuba and Nicaragua on the totalitarian left, and Chile and Paraguay on the authoritarian right, are the only major exceptions to the trend. Even Haiti, perhaps the most compelling case of a country plagued by brutal dictatorship and the degrading economic deprivation that it generated, has taken the first steps toward democratic government following the ouster of the Duvalier dynasty on February 7, 1986.

ROOTS OF CHANGE

The shift away from authoritarian regimes (typically dominated by military leaders) to freely elected governments (typically led by civilians) reflects many forces, some of them quite transient. But more lasting underlying forces have been at work as well.

Social change and economic development, the growth of institutions, and political and cultural shifts have com-

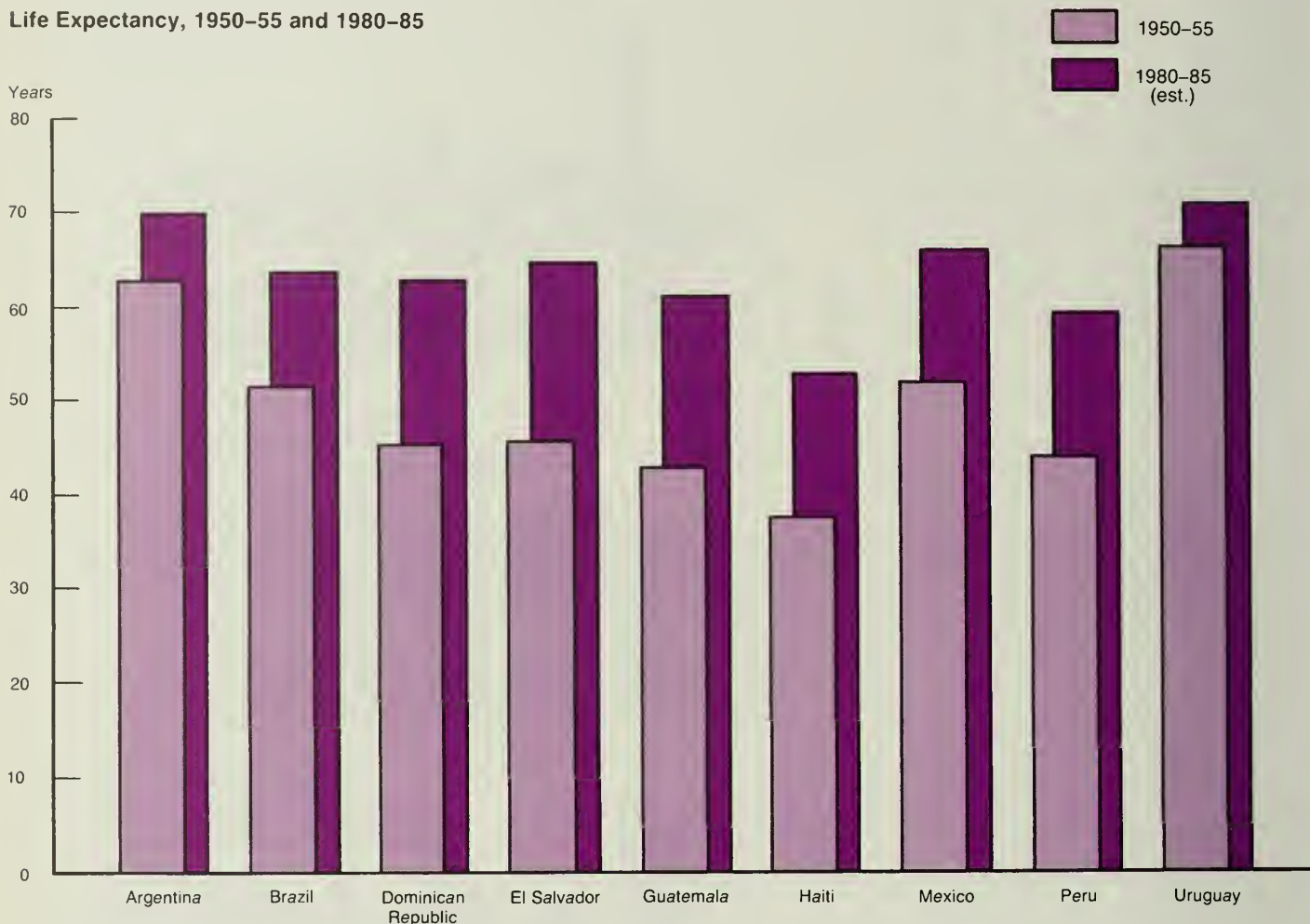
Regional Comparison: Indicators of Living Standards, 1960 and 1980



Source: World Bank, *World Tables*, 1983 (3d ed.).

WESTERN HEMISPHERE

Life Expectancy, 1950-55 and 1980-85



Source: CEPAL, *Informe de la Reunión Regional Latinoamericana Preparatoria de la Asamblea Mundial sobre el Envejecimiento*, San José, March 31, 1982.

bined to weaken the old power centers and add new ones. Influences from outside the region also have been important. This section describes the many factors increasing Latin America's capacity to sustain democracy; the next section discusses the many problems with which democrats must still contend.

Improved Socioeconomic Conditions

Latin American societies are scarred by poverty and sharply unequal distribution of opportunities and services. Yet, over the last two generations, standards of living (as measured by infant mortality,

literacy, nutrition, and energy consumption) have improved more dramatically in Latin America and the Caribbean than in any other region in the developing world (see charts, p. 61).

Between 1960 and 1980, per capita income doubled despite rapid population growth. Throughout Latin America, urbanization, industrialization, and institutional development broke down old class structures and spurred the growth of middle classes. Values and attitudes developed that foster political participation and make dictatorships harder to sustain.

This increased potential for democracy cannot by itself guarantee that democracy will be achieved or maintained. Moreover, recent declines in gross domestic product have created a host of problems (discussed in the next

section) that pose serious challenges to the democratic transition. But the development that has taken place is undeniably improving the base necessary for democracy to prosper.

Education. Improvements in education have outstripped increases in population. The percentage of primary school-age children attending school increased from 57% in 1960 to 82% in 1980. In 1960, only 35% of the region's children aged 12-17 were enrolled in school; a mere 6% of the university-age population attended universities and technical schools. By 1980, these figures were 63% and 26% respectively. These gains account for the 79% adult literacy

rate for the region in 1980. Such successes have increased political awareness, increased expectations about the role of government, and expanded economic opportunities for workers and entrepreneurs.

Health. Lowered infant mortality rates and increases in life expectancy have combined with the virtual eradication of once-common debilitating diseases such as poliomyelitis to improve general health conditions. Healthier individuals have more opportunity to develop political interests, as well as greater energy to devote to political involvement.

Urbanization. Once overwhelmingly rural, Latin America has urbanized faster than the rest of the developing world. In 1950, only seven cities in the region had populations larger than 1 million; by 1980, the number had climbed to 25, and this figure could double by the end of the century. About 37% of Latin America's population resided in urban areas in 1950. Today, more than two-thirds of the region's people are city dwellers. Urbanization has eroded the rural power base of the traditional landed elite, while simultaneously facilitating communication and political participation.

Institutional Development

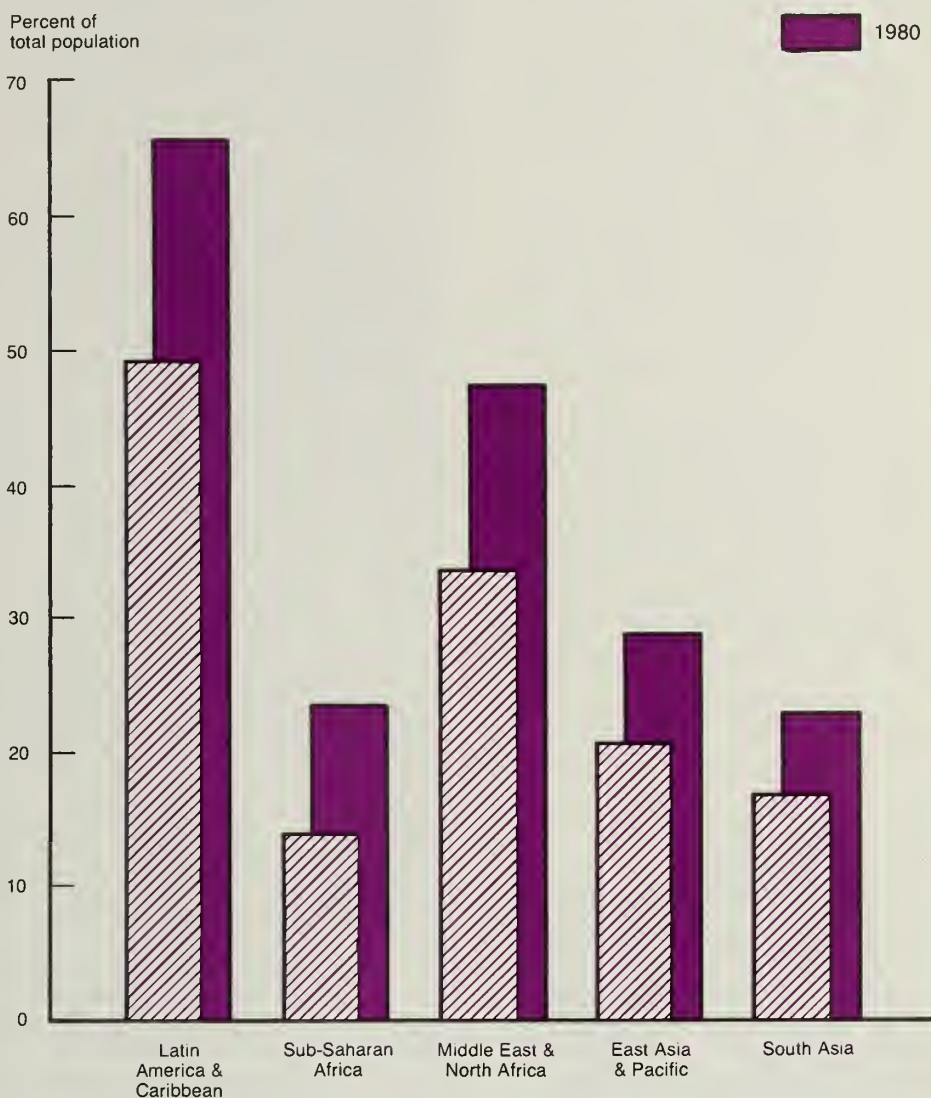
The spread of education and industrialization have transformed old institutions and created new ones. Both public institutions (military forces, government bureaucracies, and national universities) and private institutions (the church, political parties, private universities, trade unions, and major corporations) have been affected.

The evolution of religious and military institutions—"the cross and the sword" of the Spanish conquest and key pillars of traditional order ever since then—illustrates the new values, organizational diversity, and reduced power of individual *caudillos* that have increased space for democratic politics.

In the quarter century since Vatican Council II, Latin America's Roman Catholic bishops have tended to act as social critics, leading the church to positions open to change and independent of secular authorities. Together with the spread of Protestantism, this has encouraged political as well as religious diversity.

The armed forces, meanwhile, have become less tied to economic elites and

Regional Comparison: Urban Population, 1960 and 1980¹



¹ As defined by individual countries.

Source: World Bank, *World Tables*, 1983 (3d ed.).

more professional. Despite ever-present rewards for strong individual leadership, military leaders must deal with their fellow officers within an institutional framework. The road to command is now usually as much a function of technical competence, bureaucratic skill, and coalition building as it is of personal magnetism or direct troop command.

Political and Cultural Changes

Mass Communications. Radio has given virtually every household in Latin America and the Caribbean access to information previously reserved to the traditional elites. More people are reading an ever-growing variety of newspapers, magazines, and books. And except for the few people isolated in remote regions such as the Amazon Basin or Patagonia, almost everyone has at least occasional access to television.

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Improved access to information and ideas has raised expectations and increased pressures for participation and political change.

Democratic Activism. Aspirations for greater political participation have tended to combine in recent years with rejection of the violence and abuse of political extremists and dictatorships of both left and right. Volunteer civic education programs, such as the Argentine organization *Conciencia* (see box, right), have proliferated. By informing people of their rights and responsibilities as citizens of a democracy, civic movements draw more people into the political process.

Momentum. With each election, the right to choose becomes more institutionalized, establishing habits of pluralistic political practice that widen voter participation and broaden support for democratic government. Each election increases political activism, as more citizens take part in civic education programs, serve as poll workers, campaign for candidates, or run for office. With each peaceful transition from one civilian government to its successor, the democratic machinery is further refined and improved.

External Influences

U.S. Policy. Under two very different administrations since the mid-1970s, the United States has sought to encourage democratic transitions in Latin America. Under the Administration of President Jimmy Carter, support for human rights was the guiding principle. During the Administration of President Ronald Reagan, the emphasis shifted toward a policy championing the broader values of democracy. The practical effect was one of substantial bipartisan continuity. Bolivia and El Salvador, for example, were both very controversial at the time of the 1980-81 transition between the Carter and Reagan Administrations. In both cases, the United States consistently supported democratization to successful outcomes. By 1986—when the U.S. offer to transport Jean Claude Duvalier out of Haiti helped prevent further bloodshed and proved a key factor in Duvalier's decision to step down—few doubted that democracy was one area where the U.S. Executive and Congress had found common ground.

Conciencia and the Future of Democracy

In August 1982, on the eve of Argentina's return to civilian government after 8 years of military rule, 22 women organized a grassroots movement to help the nation prepare for the general elections. Today, *Conciencia* (Awareness) has more than 8,000 members engaged in countless projects to educate Argentines about their rights and responsibilities as citizens of a democracy.

Conciencia's goal is to train the nation's citizens, particularly its women, to participate actively and effectively in political and community life. In addition to courses in basic civics, civic leadership, and political participation that emphasize consensus building, *Conciencia* sponsors lectures and exhibits on various domestic and international topics, publishes a series of educational pamphlets, and produces "public service" announcements for radio and television. All activities are nonpartisan.

Conciencia's success has motivated similar women's groups in several Latin American countries. At the request of a group in Montevideo, Uruguay, *Conciencia* helped establish the Uruguayan organization *Encuentro* (Encounter) in 1985. *Conciencia* has also provided assistance to a sister organization of the same name in

São Paulo, Brazil. Requests from groups in Bolivia, Chile, and Peru have prompted *Conciencia* to organize the First South American Meeting on Civic Education and Participation, scheduled for September 1987 in Buenos Aires. Participants from 10 countries are expected to attend.

Conciencia receives financial support from corporations, local foundations, and the U.S. National Endowment for Democracy (NED), established by Congress in 1983 to support the development of democratic institutions around the world. NED support for *Conciencia* has been managed by OEF International, originally established as the overseas arm of the U.S. League of Women Voters. The NED also is assisting other civic education organizations in Dominica and the Dominican Republic and is a major source of funding for the Buenos Aires conference.

The impact of *Conciencia* on civic education at the grassroots level is a measure of the powerful attraction of democracy as both a political system and a way of life. It has inspired thousands in Latin America, drawn primarily from the middle class, to make a personal investment in democratic government. *Conciencia's* success demonstrates that democratic solidarity across borders can be eminently workable.



The Board of Directors of *Conciencia* meets in Buenos Aires. (© The New York Times/Daniel Merle)

Iberian Examples. Despite frequent political disagreements, most Latin American countries have cultural and emotional affinities to Spain and Portugal rooted in the colonial experience. The demise of authoritarian military regimes in the two Iberian "mother" nations during the mid-1970s added impetus to democratic forces in Latin America. The subsequent consolidation of democracy in both countries provided democratic models to complement that of the United States and those of Latin America itself.

Failed Alternatives. Democracy also has profited by negative examples. The military development model (generally dubbed "Nasserist" for its Egyptian variant despite its prevalence in Latin American history) has taken a severe drubbing along with military dictatorships in general. And the evident misery inflicted on the people of Cuba by the rigid political and economic controls imposed by Castro's regime inspires little willing emulation.

Outside the hemisphere, calls for political and economic freedom in Poland, student demonstrations in China, and the replacement in the Philippines of President Marcos by the popularly elected Corazon Aquino, also have bolstered the belief that democracy is the tide of history.

FACING THE CHALLENGES

Though recent progress is undeniable, democracy's future is far from secure. Such factors as literacy and organizational potential are necessary ingredients of democratic politics, but they are not sufficient. Like Europe's experience with nazism and fascism, Latin America's history demonstrates that wealth and a widely educated citizenry are not necessarily incompatible with dictatorship—consider the records of Argentina, Chile, and Uruguay. Socioeconomic development is not enough by itself to avoid dictatorship or turn authoritarianism into democracy.

Many observers of the Latin American scene see the region caught up in a perpetual cycle of instability in which elected civilian governments lose the authority to govern and give way to authoritarian military regimes, which, in turn, lose legitimacy and give way to a repetition of the cycle. In this view, the democratization described in this report

is superficial and transient, the product of "time-for-a-change" swings induced by the failure of authoritarian regimes to cope with economic and social problems, their abuses of human rights, and plain political exhaustion. Similar swings took place after World War II and again in the late 1950s and early 1960s. Each time, the pendulum swung back again.

Is recent progress just the latest swing in an endless cycle? Or do the nations of the region finally face a real opportunity to maintain their democratic momentum? This section attempts to contribute to an answer by analyzing five key problems that impede democratic consolidation.

Militarism

Military leaders and institutions played key positive roles in the democratic transition in several countries, notably Brazil, El Salvador, Guatemala, Honduras, and Uruguay. In several countries, moreover, military leaders have sought changes in their relations to civilian institutions that would reduce pressure on the military and provide a more stable political balance. For their part, while recognizing their debt to par-

ticular military leaders, the new democratic governments have generally sought to strengthen civilian authority over the military institutions.

The results have included a historic low in the frequency of military coups. Legal provisions prohibiting or limiting military participation in politics are more common, as are arrangements increasing civilian participation in matters previously reserved to the military. In Guatemala, new military statutes require an officer to be off active duty for 5 years before running for public office. In Argentina, civilians now occupy key positions in the Ministry of Defense, including those responsible for the defense budget. In Peru, the 1933 constitution gave the military what could be interpreted as independent authority to decide the meaning of the constitution itself; the 1979 constitution eliminated this provision and states explicitly that the armed forces are subordinate to constitutional authority.

Two incidents make clear, however, that military pressures remain a threat to democracy.



President Vinicio Cerezo of Guatemala and his wife are greeted by Army Chief of Staff Gen. Hector Gramajo on their return from Europe in October 1986. (Photo courtesy of Depto. Información y Divulgación del Ejército, Sección de Relaciones Públicas, Guatemala)

Two Democrats Betrayed



José Martí

The poet-essayist José Martí is revered in much of Latin America as Cuba's national hero and the inspirational hero of Cuba's independence from Spain.

Born in Cuba in 1853, Martí was just 16 when he was arrested for treason for writing a letter critical of Spanish colonial rule. He was expelled from Cuba after serving 8 months of a 6-year prison sentence. Martí studied in Spain and worked as an educator, political writer, and journalist in New York, Guatemala, Mexico, Venezuela, and elsewhere in the hemisphere. The cause of Cuban freedom was always his foremost concern.

In 1892, Martí led several exile groups in founding the *Partido Revolucionario Cubano*, a Cuban liberation movement. In 1895, the revolutionaries landed their ships in Cuba to wage a war of independence. Barely 1 month later, Martí was shot and killed in a skirmish with Spanish forces. His life and prolific writings made him a natural choice as Cuba's preeminent national hero. By 1953, the centennial of Martí's birth, more than 200 full-length biographies of his life had been written.

Fidel Castro has gone to great lengths to associate himself with the memory of Martí. He began his revolution by quoting

extensively from Martí and even imitating his landing by sea in eastern Cuba. Today, Castro includes Martí in the pantheon of heroes—Marx, Lenin, Engels, and Che Guevara—that Cubans are taught to admire.

Castro's use of Martí has to be selective, however. As in the days of Martí, Cuba's political opposition is in exile or in jail, its economy is tied to a foreign empire, and it is governed by a dictator whose powers exceed those of a Spanish viceroy.

Martí opposed personal rule as much as he opposed colonialism, abandoning an 1884 plan to liberate Cuba because he feared some of its leaders were seeking personal gain. His political writings championed democracy as the path to national self-determination and a just social order. Martí advocated both political freedom from Spain and economic independence from the United States, and he believed that democracy—ensured by a free press, an active legislature, and general freedom of expression—would prove Cuba's best guarantee.

The sad truth is that Martí's vision of democracy and national sovereignty is as distant today for most Cubans as it was in 1895.



Pedro Joaquín Chamorro

Jailed five times and exiled twice by the Somozas, Pedro Joaquín Chamorro, editor of the independent daily *La Prensa* and a member of a leading Nicaraguan conservative family, never wavered in his belief in democracy and a free press. From early adulthood on, Chamorro never accepted

the thesis that there could be no political opposition in Nicaragua. He played a leading role in two armed attempts to oust the Somozas and fought frequent censorship to use *La Prensa* as a platform to urge democratic reform.

His deep convictions and fearless determination made him a natural leader of the opposition. In 1966–67, Chamorro coordinated the National Union of the Opposition (UNO) against Somoza's presidential candidacy. In 1974, he led the Union of Democratic Liberation (UDEL), a coalition of opposition political groups that included people of the left and the right, in boycotting Somoza's staged elections.

When Somoza accused Chamorro of instigating Sandinista violence by criticizing him in *La Prensa*, Chamorro replied, "The regrettable deaths and injuries . . . are not the fruits of my harvest, but of the violence your regime has institutionalized for many years."

On January 10, 1978, Chamorro was shot to death while riding to work. Spontaneous riots erupted in Managua as news of his murder spread. The killers were never found, but Chamorro's death became the catalyst that united all elements of Nicaraguan society against Somoza. When Somoza fell 18 months later, in July 1979, Chamorro's widow, Violeta Barrios de Chamorro, became a member of the five-person junta at the head of the new government.

The tragedy of Pedro Joaquín Chamorro has not ended. In April 1980, Violeta de Chamorro resigned from the junta. "I realized that the course promised did not correspond to what was being done," she wrote later to the Secretary General of the Organization of American States. "The principles for which we all fought . . . have been betrayed by the party in power, that is, the Sandinist Front of National Liberation."

In June 1986, the Sandinistas closed *La Prensa* indefinitely. In an open letter to Daniel Ortega, Violeta de Chamorro wrote that the "Sandinista party has already created a great concentration camp in Nicaragua . . . by means of repression and the banning of all contradictory opinion."

Nine years after his death, the freedom for which Pedro Joaquín Chamorro fought continues to be denied to his countrymen.

In September 1985, Panama's civilian President Nicolás Ardito Barletta resigned under pressure from the Defense Forces less than halfway into the term for which he had been elected. The presidency was assumed, according to constitutional procedures, by Vice President Eric Arturo Delvalle. This preservation of democratic forms and the continuing openness of Panamanian society kept the event from being an outright reversal of Panama's move toward democracy, but it was a serious setback nonetheless.

In January 1987, the elected civilian President of Ecuador, León Febres Cordero, was kidnaped and held several hours by a group of dissident air force officers. He was released only after freeing a jailed general who had challenged the government and after governments throughout the region had urged both the military and the civilian opposition to put the preservation of democratic institutions above domestic political rivalries.

Preserving democracy requires close civil-military cooperation and good government. As memories of past military abuses and failures fade, the risk of renewed military interventions will increase again in direct proportion to the difficulties democratic governments will have in coping with economic and social problems and in fighting insurgency, terrorism, and the illegal narcotics traffic. Mutual respect is critical. Civilians must recognize military contributions to the national defense and, in many cases, to public administration and development in remote areas. For their part, military leaders must honor the constitutional order and administer their own institutions in a manner that contributes to public confidence in the fairness and effectiveness of civilian democratic government.

Civil-military cooperation becomes absolutely critical when a society faces terrorism, illegal drug trafficking, or guerrilla warfare. An active and in some instances even expanding military role may be required to counter such threats. But defining the nature of the threat and choosing the appropriate response require close cooperation between civilian and military authorities. And then the actual defense of democracy must be carried out without unnecessary or indiscriminate force. Abusers of human rights cannot claim to be acting in the name of democracy.



Five former members of the Salvadoran National Guard at their trial for the murders of four American churchwomen near Zacatecoluca, El Salvador, in December 1980. On May 24, 1984, a jury convicted all five and gave them the maximum sentence of 30 years imprisonment. (© UPI/Bettmann Newsphotos)

Increased concern for human rights is apparent in several key countries where military and public security forces had previously been involved in gross violations of human rights. In El Salvador, military personnel now receive human rights training, and the National Police recently inaugurated a comprehensive, professional course in human rights that is mandatory for all personnel. In the past 2 years, human rights violations have been reduced to a fraction of their previous levels. Similar improvements in human rights performance have been registered in Argentina, Brazil, and Guatemala, where the military and civilian leadership is committed to respect human rights.

In Argentina, high-ranking military officers accused of committing severe human rights abuses during the military regime from 1976 to 1983 have been tried in civilian courts. Nine members of the ruling juntas were tried together for rights violations; five of the nine were convicted, with two receiving life sentences. In 1986, Ramón Camps, an army general in charge of the civilian police during military rule, was sentenced to 25 years in prison for human rights violations. In all, several hundred military personnel were expected to

have been indicted before the statute of limitations for indictments for these crimes expired on February 22, 1987, a date established in an effort to ensure continued civil-military cooperation.

Looked at in historic perspective, the current shift to democratic rule appears to offer a genuine opportunity to break the cycle of alternation between civilian governments that lack the authority to govern and military governments that lack the legitimacy to last. Setbacks are inevitable, but the general prognosis is improving.

Economic Difficulties

The phenomenal economic gains of the 1960s and 1970s have been partially eroded in the 1980s by macroeconomic policies that fail to cope with falling commodity prices, global recession, and foreign debt that approaches \$400 billion for the region. Only Brazil has been able to maintain consistently high growth rates since 1983. Although oil prices and interest rates have fallen since their

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peaks in 1981, the prices of most of the hemisphere's commodities have remained depressed. The oil-producing countries in the region—Ecuador, Mexico, Peru, Trinidad and Tobago, and Venezuela—were hit especially hard by the collapse of petroleum prices in 1986. In many countries, the old statist, protectionist policies that inhibit investment, reduce business initiative, and stimulate capital flight are changing only slowly.

A rising tide of protectionism in the developed countries—essential export markets for Latin America and the Caribbean—also threatens growth. In recent years, the United States has substantially outperformed all other industrialized countries in expanding the purchase of Latin American and Caribbean goods. At the same time, however, U.S. exports to the region contracted sharply, creating a more favorable trade balance for Latin America but also adding fresh pressures to open the hemisphere's markets to U.S. products.

Most of the Latin American and Caribbean countries that have achieved modest growth during the 1980s still find that the economic gains do not offset higher population growth. The pressures of immediate human needs increase the difficulties of allocating scarce resources to important longer term institutional development.

The United States and the other members of the Organization for Economic Cooperation and Development

(OECD) realize the importance of coordinating their economic policies to promote free trade and economic stabilization so as to facilitate continued democratic progress. The OECD countries also recognize that nations committed to democratic government and policies fostering economic growth should receive priority for foreign assistance. The International Monetary Fund (IMF), the World Bank, and the Inter-American Development Bank are all creating incentives for policy reforms that promote economic freedom, less state interference, and higher economic growth.

Greater participation by Western Hemisphere nations in the General Agreement on Tariffs and Trade (GATT) should help stave off protectionist demands by broadening the opportunities for redress of trade grievances. In 1986, Mexico joined the GATT, and Costa Rica applied for membership. Twenty Latin American and Caribbean countries are now members of GATT and are participating in the new multinational trade round agreed to at the Uruguay talks in September 1986.

The consolidation of democratic governments throughout Latin America and the Caribbean offers the promise of a stable political environment for restored economic health. Many Latin American governments are encouraging private entrepreneurship and reducing restrictions on foreign investment in order to stimulate growth. As economies

become more market-oriented and generate higher levels of savings, investment, and production and lower levels of inflation, living standards will improve provided population growth is restrained. Such positive developments would lead to greater confidence in the political system that inspired them. Democracy, however, also provides an environment in which unpopular measures can be challenged and even disrupted. Should growth not resume, and should the critics of current economic policies prevail in coming elections, governmental intervention in the economy and confrontation with creditors could increase.

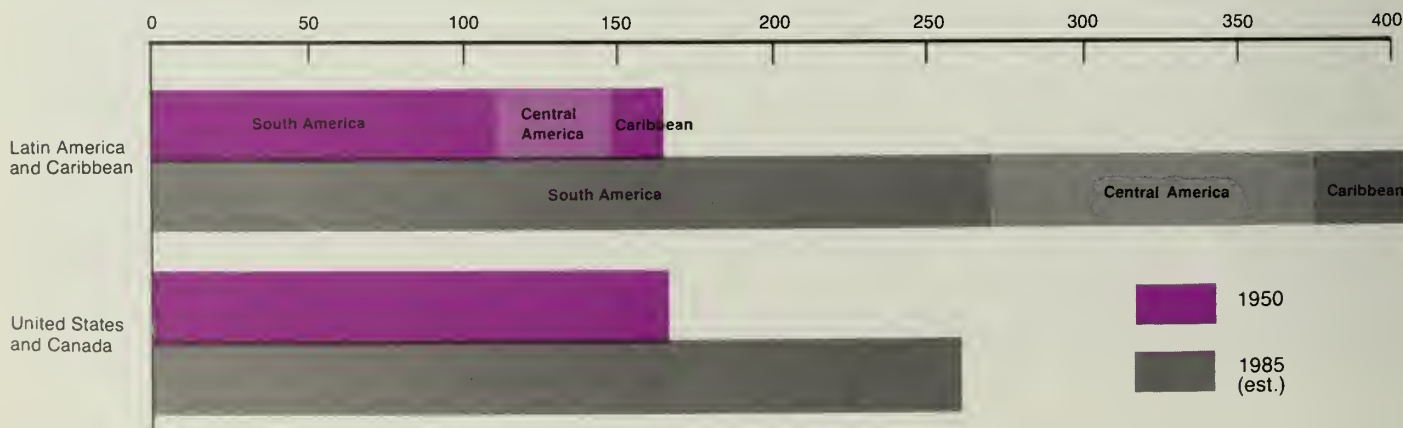
Illegal Narcotics Trade

The growing illegal narcotics trade, spurred by the tremendous demand for drugs in the United States, has become a major regional problem. In some situations, narcotics traffickers have aligned themselves with guerrillas and terrorists, buying protection that undermines elected civilian government. Addiction among youth and government corruption are major problems. No nation in the Western Hemisphere is untouched by the production, use, or trafficking of illegal drugs.

The increase in narcotics-related activities—from crop production to processing to transshipment to bank laundering of profits—is caused in part by severe economic problems. Faced with limited opportunities at home and a

Western Hemisphere: Population, 1950 and 1985

Millions of persons



Source: United Nations Statistical Yearbook, 1983/4.

large market for narcotics in the United States, many people have turned to the drug trade out of economic necessity. In Bolivia, for example, it is estimated that approximately 350,000 people, or 5% of the population, depend directly on coca production for their livelihood. The 61% growth rate in Bolivia's agricultural sector between 1980 and 1986 was due almost entirely to increases in coca production.

Institutional Weaknesses

The civilian institutions critical to democracy's proper functioning are often fragile, inefficient, or unevenly developed. Judicial systems generally suffer from inadequate financial, institutional, managerial, and human resources. For decades, the press and media have been strongly influenced by authoritarian regimes or traditional elites; journalists typically suffered from low pay and poor training. The resulting mixture of servility and resentment hampers objectivity and professionalism. The difficulties faced by political parties in developing national organizational structures and effective leadership are compounded by the disruptions and losses suffered in past repressions. Electoral laws and procedures have been subject to frequent changes, and there is a lack of trained electoral administrators. Finally, but far from least in importance, the pervasiveness of hierarchical structures with deep historic and cultural roots have created ingrained authoritarian habits even among individuals and parties with democratic intentions.

Many of these weaknesses can be overcome if the current democratic momentum continues and if those Latin Americans interested in overcoming them are able to obtain cooperation from groups with similar interests. Fortunately, linkages between political parties in Latin America and the Caribbean and international political movements are stronger than ever before. So are direct party-to-party ties. Many European political party foundations are active

throughout the hemisphere. Parliamentary exchanges between legislators in the hemisphere and their counterparts in other countries are a growing source of solidarity, as are similar programs involving democratic trade unions.

Political Extremism and Totalitarianism

Latin America's authoritarian tradition and the lack of a democratic consensus have promoted factionalism, intransigence, and fear of instability. On both the far left and the far right, political movements have relied on force to attain objectives.

Dictatorships of the right—typically closely linked to the military—have historically been the nemesis of Latin

"There can be no peace, even if [the Sandinistas] throw all their artillery and their helicopter gunships into Lake Managua, if there is no democratic opening in Nicaragua."

Honduran President
José Azcona,
May 21, 1986

American democrats. While in most cases not establishing totalitarian controls over all aspects of life, dictatorships like those of Gen. Fulgencio Batista in Cuba and Gen. Anastasio Somoza in Nicaragua have carried out some of the cruelest abuses of human rights in the postwar period. Moreover, by cloaking abuse in democratic forms such as plebiscites, artificial opposition parties, and rigged elections, such dictatorships debase democratic ideas and procedures and discredit genuine democrats.

Authoritarianism of the far right has thus been a major factor contributing to a new and growing threat to democracy in Latin America: the threat of communist totalitarianism.

The totalitarian threat takes several forms. The most obvious is the actual consolidation of totalitarianism in power as occurred in Cuba and is happening in Nicaragua. Like traditional dictator-

ships, totalitarian governments are highly authoritarian. A key difference is that they also are systematically hostile to all activities independent of state control. By stifling individual enterprise and driving professionals and entrepreneurs into exile, these new "revolutionary vanguards" have aggravated their countries' social and economic underdevelopment as well as denied the political and cultural rights of their citizens.

A second threat is subversion. Acting both directly and through Cuba and, more recently, Nicaragua, the Soviet Union has provided support—ranging from propaganda to training and weaponry—to guerrilla forces and other terrorist groups in Latin America and the Caribbean. In El Salvador, such assistance helped turn what had, in the 1970s, been poorly armed and mutually antagonistic bands of kidnapers and bank robbers into what by the early 1980s had become a centrally commanded and well-armed guerrilla army with secure communications.

A third threat is that the totalitarian offensive will stimulate a new reaction from the far right. Guerrilla warfare and other forms of subversion have anti-democratic consequences even when their perpetrators do not succeed in seizing power. In Central America, the guerrillas have been stopped by improved government performance, the outstanding leadership of democrats like Presidents José Napoleón Duarte of El Salvador and Vinicio Cerezo of Guatemala, and U.S. support for democracy, but persistent subversion from Nicaragua could still endanger this progress by stimulating an ugly resurgence of right-wing extremism. In Chile, the authorities succeeded in discovering—before they could be used—large caches of arms secretly smuggled in by the Soviet bloc, but the evident threat of armed insurrection that the arms represented created new problems for moderates working for a democratic transition to replace the military regime of General Pinochet.

WESTERN HEMISPHERE

The United States

A NEW CONSENSUS?

For more than three decades, it was an axiom of American foreign policy that politics stopped at the water's edge. The axiom reached its height during World War II when the Democratic and Republican Parties united to defeat fascism and militarism. Following the war, both parties supported containment of the new threat: Soviet expansionism. Unfortunately, that bipartisan consensus, which had been the hallmark of the postwar period, began to break down over the war in Southeast Asia.

For awhile, it appeared that a new consensus might coalesce around consideration for human rights. But the concept of "human rights" suffered the fate of many fresh ideas and was viewed with a suspicion that produced heated controversy. There were contradictions between the policy's stated goals and its actual implementation. It proved to be an incomplete moral basis for policy because, strictly applied, it treated the problem of political repression without regard to the structure of government that permits or prevents abuses. In addition, the soundness of the human rights policy in national security terms was called into question as it became identified—rightly or wrongly—with two traumatic foreign policy events: the fall of the Shah of Iran and of the Somoza dynasty in Nicaragua. Both had been viewed as staunch U.S. allies in areas of geostrategic importance and both were replaced by governments inimical to U.S. interests, to democratic ideals, and to fundamental human rights.

The idea that U.S. foreign policy should embody America's values was fundamentally sound. The basis for a consensus did exist. It ultimately found expression in a value that the American people—that, indeed, all people—could rally around; a value more constructive than the concept of containment, on which the original postwar consensus had been built, and more comprehensive than that of human rights, on which the new consensus had initially foundered; a value, moreover, that clearly defined the

conflict between a democratic United States and a totalitarian Soviet Union. Support for democracy, the very essence of American society, is becoming the new organizing principle for American foreign policy.

Support for democracy advances U.S. interests in several important ways.

Democracy helps to guarantee U.S. security. Democratic governments, because they must be responsive to their people, tend to be good neighbors. Open and regular political competition lessens political polarization and extreme swings of the pendulum (as happened in Chile, Cuba, and Nicaragua) and makes nations more resistant to subversion. Democratic governments are more reliable as signatories to agreements and treaties because their actions are subject to public scrutiny.

Democracy also advances important U.S. political and economic interests. Democratic countries are more likely to protect human rights and create environments in which people can work to achieve their full potential. Democratic processes are good for business and labor. Once established, political and

economic freedoms provide a predictable and equitable basis for economic development.

Democracy helps the United States organize itself to cooperate and get things done internationally. As a people, Americans are more comfortable dealing with democratic governments than with authoritarian regimes. Our common interests are better understood. A foreign policy that supports democracy is capable of garnering broad, enduring public and congressional support. It is much easier for the United States, as a democratic society, to work with civilians like Presidents Alfonsín and Duarte than with the generals who preceded them.

Support for democracy not only embodies American values; it reconciles the conflict that often arises between U.S. strategic interests and the need to give moral substance to whatever policy serves those interests. As a commitment with bipartisan support, it provides the basis for a consistency and continuity in American foreign policy that have long been seen as lacking. Finally, support for

The Case of Bolivia

Bolivia in 1967 became the end of the line for Che Guevara and his band of Cuban guerrillas. But with 175 or more changes in government in 162 years of independence, Bolivia has long been Latin America's most unstable country. Already among the poorest countries in the world, with an annual per capita income of less than \$600, Bolivia must now overcome the decline of the tin mining industry that has been its most important source of nonagricultural employment. Finally, Bolivia has recently become a major production and staging center for global trafficking in cocaine.

Despite these extraordinary obstacles, Bolivia has in recent years made significant progress toward democracy. Calls for political liberalization led to Gen. Hugo Bánzer's resignation in 1978 and ushered in a series of short-lived military and civilian regimes. In presidential elections in 1980, former President Hernán Siles (1956–60) won a popular plurality, but General Luis García-Meza, using Siles' failure to win a majority of the popular vote as a pretext, seized power in August 1980 with the support of Bolivian narcotics traffickers.

Secretary of State Edmund Muskie denounced the García-Meza coup, and the Carter Administration downgraded diplomatic relations, suspended

nonhumanitarian aid and military assistance, and closed the U.S. military mission in Bolivia. Despite pressure to normalize ties with Bolivia, the Reagan Administration continued to deny U.S. support to García-Meza. On October 10, 1982, new military leaders allowed Siles to assume the presidency. The Siles government received considerable economic assistance and moral support from the United States. Because his government was weakened by a lack of cooperation among coalition members, a faltering economy, and increasingly violent labor disruptions, Siles cut his term short by 1 year and called a presidential election in 1985.

Thirty parties and eighteen presidential candidates participated in the 1985 election. The final electoral count gave 28.5% of the vote to retired army general and former dictator (1971–78) Hugo Bánzer. Ex-president (1952–56, 1960–64) Victor Paz Estenssoro, patriarch of the 1952 revolution, had the second highest tally, 26.4%. Because neither candidate won a majority, selection of the president fell to the legislature, which voted 94 to 51 for Paz despite his having placed second to Bánzer in the popular vote. Bánzer accepted the legality of the outcome, and he and his party have actively cooperated with the Paz government on vital policy issues such as economic reform and narcotics control.

democracy enables U.S. foreign policy to match (and exceed) what has been identified as perhaps the strongest element of Soviet foreign policy: an enduring sense of direction.

These new perceptions have particular significance for U.S. policy in Latin America and the Caribbean, where many believe that the United States has sacrificed democratic principles and even encouraged repressive military regimes in the pursuit of containment and stability at any price. This critical view ignores the role that U.S. assistance programs and support for free trade, to take just two examples, have played in the fundamental socioeconomic transformations that have contributed to the democratic transition. Nevertheless, cynicism about U.S. purposes has broad acceptance and contributes to the ambivalence that many people in Latin America and the Caribbean express about relations with the United States. Now that U.S. policy embodies democratic values in an explicit, concrete, and continuing manner, the impact on public opinion will, over time, prove quite substantial.

SUPPORT FOR DEMOCRACY: PROVEN TOOLS

The United States cannot support democratization in Latin America unless it supports the efforts of Latin Americans. Democracy depends on complex interactions that come in many forms; it is not an export commodity. This section considers U.S. efforts to make more effective use of the proven tools of statecraft to support the movement toward democracy in the hemisphere; the following section describes efforts to create new tools to bolster democratic institutions and development.

Diplomacy

Two principal goals of U.S. diplomacy in Latin America and the Caribbean are to strengthen democratic government and to promote peaceful resolution of the conflicts and tensions that threaten its consolidation. Diplomatic activity to advance these goals takes a variety of forms in many different arenas.

The President and the Secretary of State, along with other key foreign policy leaders, enunciate U.S. goals in

major foreign policy speeches, in bilateral meetings with their counterparts in the region, and in consultations with our allies. Their visits to the region, and invitations extended to the democratic leaders of Latin America and the Caribbean to come to the United States, are consciously used to demonstrate U.S. support for democratic rule and repudiation of both civilian and military authoritarian regimes.

The President himself announced the Caribbean Basin Initiative (CBI) in February 1982 in a speech before the Organization of American States. His message linked the future of democracy in that part of the hemisphere to economic development and pledged major U.S. support for those dual goals. On this and other occasions, President Reagan has stressed that the United States will not remain indifferent "when democratic values are at risk."

Support for democracy also has been the recurrent and consistent theme in speeches by the Secretary of State and the Assistant Secretary for Inter-American Affairs. At the OAS General Assembly, in testimony before committees of Congress, and in statements in numerous public fora during the past 5 years, U.S. leaders have reaffirmed Jef-

ministers of several independent English-speaking Caribbean nations in Grenada in a demonstration of democratic solidarity.

Visits by the Vice President, the Secretary of State, and other senior officials are employed to reinforce our commitment to democratic civilian rule. The inaugurations of democratically elected leaders (among them the Presidents of Argentina, Brazil, Colombia, the Dominican Republic, El Salvador, Guatemala, Honduras, Uruguay, and Venezuela) have become key occasions for mutual support and consultations among democratic forces. The inauguration of President Raúl Alfonsín in December 1983 (at which Vice President George Bush represented the United States) became a powerful and emotional celebration in which representatives of Spain, Portugal, Peru, and Ecuador—all countries that had moved into the democratic ranks during the previous decade—demonstrated their solidarity with the newest member of the international democratic community.

The state visit to Washington of President Alfonsín in 1985 was the first by an Argentine head of state since 1958. The official visit by President

"The objective I propose is quite simple to state: to foster the infrastructure of democracy—the system of a free press, unions, political parties, universities—which allows a people to choose their own way, to develop their own culture, to reconcile their own differences through peaceful means."

President Ronald Reagan,
Address before the British Parliament,
London, England, June 8, 1982

erson's maxim that "the will of the people is the only legitimate foundation of any government."

Support for democratic institutions was a main theme of President Reagan's visit to Central and South America in December 1982. Accompanied by Secretary of State George Shultz, the President visited two traditional democratic allies (Costa Rica and Colombia) and Brazil, where congressional elections had just marked a major step in the democratic transition. In February 1986, the President met with the prime

Vinicio Cerezo in May 1987 will be the first ever by a Guatemalan president. During 1986 alone, the civilian Presidents of Brazil, Uruguay, Costa Rica, Honduras, and Mexico made state or official working visits to the United States. President Reagan also met at the White House with Gen. Henri Namphy, head of Haiti's National Governing Council, as a signal of support for the democratic transition there and for the

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electoral timetable drawn up by his provisional government. In addition, the President has met with several of his Latin American and Caribbean counterparts while they were in the United States on private visits.

Progress toward democracy is a major topic of discussion with our European allies. In consultations such as the semiannual NATO experts' meetings on Latin America and the Caribbean, U.S. officials regularly exchange views with allied officials on the status of democratic government and the measures being taken to support its continuance. Consultations within the framework of the OECD provide an opportunity to win support for policies that promote growth and development for our neighbors in the Western Hemisphere, thereby strengthening the economic underpinnings of democracy. In fora such as these, as well as in bilateral consultations with our allies, the United States has urged sending international observers to encourage electoral freedom and to recognize it publicly when it takes place.

Through the efforts of the President's Special Envoy for Central America, who is charged with promoting negotiations to resolve the conflict there, the United States supports regional negotiations, giving special emphasis to the need for comprehensive, simultaneous, and verifiable implementation of the security and democratic goals set forth in the 1983 Contadora Document of Objectives. Three distinguished Americans have served as Special Envoy: Richard Stone, former U.S. Senator (D-Florida); Harry W. Shlaudeman, former Assistant Secretary of State and now U.S. Ambassador to Brazil; and Philip C. Habib, former Under Secretary of State and Special Middle East Envoy, the current Special Envoy.

Military Assistance

Military assistance for Latin America and the Caribbean consists of funds provided under the Military Assistance Program (MAP) and the International Military Education and Training (IMET) Program. In fiscal year (FY) 1986, military assistance for the region totaled approximately \$234 million, or about 4% of all U.S. military assistance worldwide. (The 1986 figures included a small amount of credit assistance under the

The Power of Public Opinion

Of the 33 independent nations of Latin America and the Caribbean, only three—Cuba, Nicaragua, and Paraguay—prohibit independent public opinion polls. In the rest of the region, political parties, individual scholars, and dozens of polling firms are continually using internationally recognized survey methods to measure citizen concerns.

Political polling, from in-depth questions about citizen concerns to polls on candidate popularity and opinions on foreign affairs, is the specialty of several dozen respected public opinion firms, including Gallup affiliates, from Mexico to Argentina. *UNIVISION*—Spanish International Network, the largest Spanish-language television system in the United States, has conducted extensive voter exit polls in several countries, including El Salvador, developing a record of predicting election returns with enviable accuracy.

Foreign Military Sales (FMS) program. FMS credits to the region have been discontinued in favor of MAP grants.)

Approximately 82% of U.S. military assistance for the region in FY 1986 went to El Salvador, Honduras, Guatemala, and Colombia—four regional democracies battling insurgencies. Nowhere is this assistance more important than in Central America, where the Sandinista regime in Nicaragua supports guerrilla movements in El Salvador, Guatemala, and Honduras and provides military training to a nascent insurgent movement in Costa Rica. Another 9% went to support the development of basic surveillance, search and rescue, and self-defense capabilities in the Caribbean democracies. Our military assistance also supports hemisphere-wide efforts to halt the production and trafficking of narcotics.

Under the initial FY 1987 allocations, military assistance to the region has been cut by about 7%, thus limiting our ability to support our neighbors in combating both guerrilla insurgencies and illegal narcotics trafficking.

In October 1986, Congress approved \$100 million to support the Nicaraguan Democratic Resistance in its struggle to

recover the promise of democracy stolen from the Nicaraguan people by the Sandinistas.

Economic Assistance

U.S. bilateral economic assistance totaled slightly more than \$1.5 billion in FY 1986. It is administered by the Agency for International Development (AID) and consists of developmental assistance, economic support fund (ESF) assistance, and PL 480 food aid to Latin America and the Caribbean.

Developmental assistance accounted for almost 30% of total U.S. bilateral economic assistance to the region. Those funds are used primarily to improve educational and health systems, to support improvements in infrastructure, to build democratic institutions, and to bolster the private sector as the principal engine of growth.

The economic support fund, which is used almost entirely for budget support, comprised about 42% of U.S. bilateral economic assistance to Latin America and the Caribbean in FY 1986. Almost 30% of U.S. bilateral economic assistance for the region in FY 1986 consisted of ESF for the countries of Central America.

In FY 1987, reduced global foreign assistance appropriations required that U.S. bilateral assistance to Latin America and the Caribbean be cut by nearly 20% to approximately \$1.2 billion. These cuts come at a critical time when many of the countries are instituting difficult economic reforms, attempting to consolidate democratic civil government, and battling leftist insurgents.

The United States provides additional economic assistance to the nations of Latin America and the Caribbean through contributions to multilateral institutions such as the World Bank, the Inter-American Development Bank, the Central American Bank for Economic Integration, and the Caribbean Development Bank. In 1985, U.S. contributions to multilateral development banks for Latin American programs were approximately \$2 billion. Programs administered by these institutions provide additional sources of funding, generally on concessionary terms, for development projects in the region. U.S. contributions to these institutions also face cuts in FY 1987.

Economic Stabilization

The United States has a fundamental interest in the prosperity of the countries of the Western Hemisphere. Our strategy for dealing with economic problems, including the debt crisis, has been coordinated with other industrial countries. Applied on a case-by-case basis, the strategy emphasizes the need for economic adjustment in the debtor countries with the support of the international financial institutions, especially the International Monetary Fund and the World Bank.

At the 1985 annual meeting of the IMF and World Bank in Seoul, Korea, U.S. Treasury Secretary James Baker proposed an initiative that builds on and strengthens the previous strategy. The plan he put forth contains three essential and mutually reinforcing elements:

- **First**, adoption of economic policy reforms to promote growth in the debtor countries;

- **Second**, a continuing central role for the IMF coupled with an increase in structural adjustment loans by the World Bank to support these reforms; and

- **Third**, when the first and second elements are in place, new lending by the commercial banks to provide additional support for the reforms and for long-term growth.

The heart of the new strategy is increased emphasis on growth to reduce debt and raise living standards. This approach has received strong support internationally and was recently affirmed by the IMF Interim Committee and the IMF/World Bank Development Committee at their meetings in September 1986.

The renewed emphasis on growth requires reduced reliance on statism, market intervention, and import substitution. The response thus far has been encouraging. Most Latin American and Caribbean countries have established more realistic exchange rates, expanded exports, and cut inflation. Several countries have begun to reduce entrenched structural barriers to growth; specifically, to take steps to

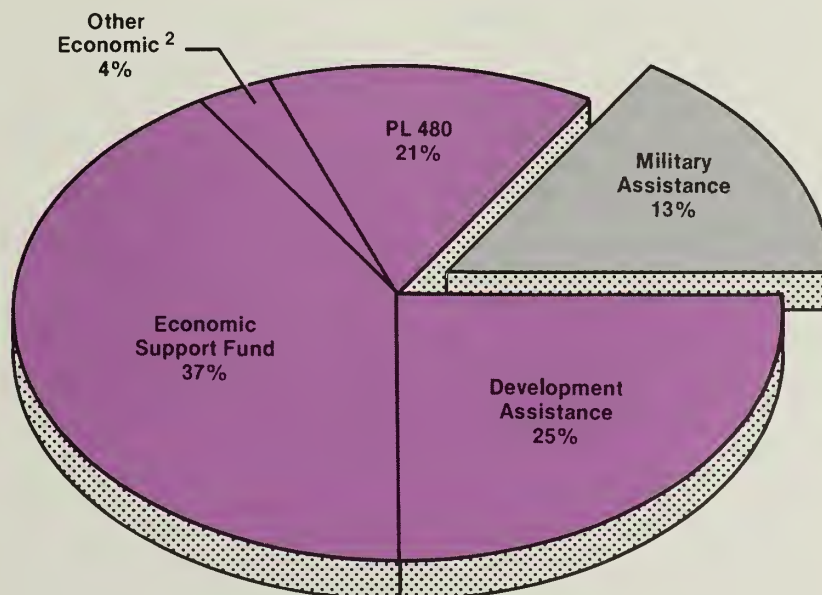
reduce price controls and subsidies, to liberalize trade, to attack overregulation and excessive bureaucratic controls, and to improve the investment climate, including reducing restrictions on private foreign investment. Until these reforms produce practical results for a majority of citizens, however, the democratic leaders of Latin America and the Caribbean would benefit greatly from a demonstration that the developed countries (and especially the United States) are prepared to ease the burdens imposed by existing debts.

U.S. efforts to reduce domestic inflation have lowered international interest rates, thus reducing the debt-servicing burden on all the Latin American debtors. Similarly, our battle against protectionism and our own continuing economic growth in the last 4 years have helped countries in the region by enabling them to increase their exports. U.S. imports from Latin America and the Caribbean—mostly manufactured products—rose by nearly 7% per year during the 1980s, a rate well in excess of

annual growth in gross domestic product. At the same time, the region reduced imports from the United States. Thus, a \$3-billion U.S. trade surplus with Latin America and the Caribbean in 1981 had become a \$17-billion deficit by 1985.

The Caribbean Basin Initiative is an attempt by the United States to engage the nations of the Caribbean and Central America in the development of new opportunities for trade, investment, employment, and broad-based growth in the region. The program was designed with a 12-year lifespan representing a long-term U.S. political commitment with incentives beyond immediate trade objectives. Countries with the policy framework to promote private investment and innovation will be most able to seize trade opportunities. The CBI has not yet generated the substantial economic growth that was originally envisioned. Thus the United States has added several other benefits and continues to seek additional measures for promoting economic growth.

U.S. Bilateral Assistance to Latin America and the Caribbean, FY 1986¹



¹ Bilateral assistance amounted to \$1.8 billion. This does not include U.S. contributions to the World Bank, the International Monetary Fund, the Interamerican Development Bank, and the Caribbean Development Bank expended in Latin America and the Caribbean.

² "Other Economic" includes funds for programs of USIA, Peace Corps, and the State Department (e.g., refugees, narcotics).

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Peace Corps

The Peace Corps has been one of the most successful U.S. foreign policy initiatives of the postwar period. Almost 1,700 Peace Corps volunteers are currently serving in 18 countries in Latin America and the Caribbean. Throughout the region, Peace Corps volunteers continue traditional programs such as teacher training, nutrition, and health care. In recent years, however, programs have focused increasingly on support for the private sector with training and technical assistance in management and marketing to small businesses and entrepreneurs. New projects include activities that range from the development of income-generating student cooperatives modeled on the "Junior Achievement" program to technical assistance in crop diversification to small farmers.

Educational Exchange

In the past 5 years, the United States Information Agency (USIA) has expanded various international visitor programs. Exchange visitor grants fund travel to the United States for outstanding regional leaders in fields as diverse as journalism, arts and sciences, politics, government administration, and education. Through the Fulbright Program, American scholars have the opportunity to teach, study, and conduct research abroad while their foreign counterparts are given similar opportunities in this country. In addition, USIA administers the new pilot Central American Program for Undergraduate Scholarships (CAMPUS). The new Central American Peace Scholarship (CAPS) program, using AID resources, will eventually bring a total of 7,000 students from lower and middle class backgrounds to the United States. Other USIA programs support student exchanges at the secondary school level, help set up special programs for voluntary visitors to the United States, and arrange for U.S. travelers to the region to meet with counterparts in their respective fields.

Bipartisan Commission Stimulates Support for Democracy in Central America

In July 1983, President Reagan appointed a National Bipartisan Commission on Central America to advise on a long-term U.S. policy that would best respond to the challenges of social, economic, and democratic development in the region and to internal and external threats to its security and stability. The Commission, headed by former Secretary of State Henry A. Kissinger, reported to the President on January 10, 1984, that the fundamental strategic and moral interests of the United States require a long-term national commitment to economic opportunity, human development, democracy, and security in Central America.

The President and Congress approved the recommendations of the Commission virtually unchanged, setting in motion a comprehensive strategy of economic and military assistance to address the root causes of poverty and social unrest, to foster equitable development, and to support democratization to help the region move beyond its history of dictatorships and instability. The strategy is to:

- Support democratic processes and institutions by backing free and competitive elections, the administration of justice, technical training, and the development of leadership skills;

- Stop declines in income, employment, and economic activity by providing major balance-of-payments support;

- Build the foundation for long-term economic growth by supporting improvements in economic policy and the infrastructure needed for efficient production and diversified exports;

- Assure the widest possible distribution of the opportunities and benefits of growth by helping to create jobs and improve health, education, and housing for the poor; and

- Help secure peaceful evolution in support of these objectives by providing military assistance to create a shield to protect democratization and growth from Soviet-backed subversion.

Complementing these development and security policies, U.S. diplomacy supports negotiations both within and among the countries of Central America to bring about the reconciliation needed to achieve socioeconomic progress, national security, and lasting peace.

This bipartisan approach, whose foundations are the promotion and defense of democracy, has proved critical to the progress achieved since 1984 in every country of Central America except Nicaragua. And the Commission noted that "the development of an open political system in Nicaragua, with a free press and an active opposition" would be a key to progress there as well.

Support for Private Sector Organizations

The U.S. Government lends its help to appropriate private initiatives that support democratic development. Long-term AID support for the programs of the "Partners of the Americas" helps develop linkages between U.S. civic and community organizations, youth groups, service organizations such as the Lions and Rotary Clubs, and business groups and their counterparts in the hemisphere. These people-to-people programs promote mutual understanding and cooperation and contribute to institutional development.

In 1986, AID funded and the Department of State assisted with the organization of a regional conference for Latin America and the Caribbean sponsored by the International Committee for a Community of Democracies (ICCD). The ICCD promotes worldwide democratic

solidarity as a means of sustaining, promoting, and defending democratic practices in more than 50 democratic countries around the globe.

Liaison With Trade Unions

U.S. diplomatic missions in Latin America and the Caribbean traditionally have maintained active liaison with trade unions and labor leaders because of their central role in national politics throughout the region. U.S. Government funds also support various activities of the AFL-CIO, including a major training program for union organizers at the George Meany Center in suburban Washington, D.C.

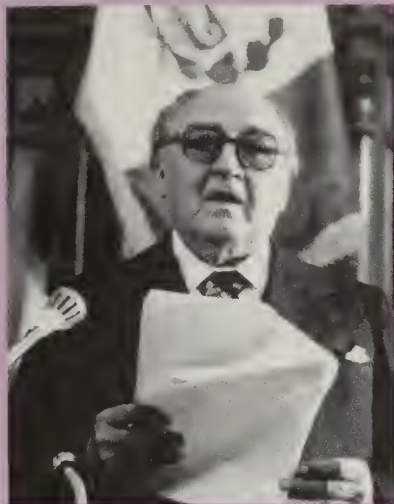
SUPPORT FOR DEMOCRACY: RECENT INITIATIVES

The National Endowment for Democracy

The National Endowment for Democracy was established by Congress in 1983 in the belief that private institutions in free societies can contribute to the development of democracy through assistance to counterparts abroad. Four constituent institutes—the AFL-CIO's Free Trade Union Institute, the Center for International Private Enterprise of the U.S. Chamber of Commerce, and the National Democratic Institute for International Affairs and National Republican Institute for International Affairs representing the two major American political parties—administer a broad range of projects in the region that emphasize leadership training, civic education, expanding and strengthening the linkages among U.S. and regional political parties, development of electoral machinery, support for democratic workers' federations, and promotion of private enterprise. Although most of the Endowment's funds are provided by congressional appropriation, it is an independent, nonpartisan organization. In fact, the National Endowment for Democracy is probably the most concrete example of the growing bipartisan consensus in foreign policy based on support for democracy as its guiding principle.

Administration of Justice

The development of independent, accessible, and fair justice systems is a crucial part of the consolidation of democracy in Latin America and the Caribbean. The U.S. Government recognizes this important fact and, in the past several years, has developed an innovative program to assist democratic Latin American and Caribbean governments in their efforts to carry out fundamental judicial reforms. Collaborative efforts involve the Departments of State and Justice, USIA, and AID. The U.S. program first focused on Central America and is now expanding to the Caribbean and South America. Under the program, the United States has given support for a variety of practical judicial reform measures



Víctor Raúl Haya de la Torre (1895–1979) addresses Peru's Constituent Assembly, of which he was president, on July 23, 1978. Haya founded one of the hemisphere's first mass movements, the American Popular Revolutionary Alliance (APRA), while in exile in Mexico in 1924. (© UPI/Bettmann Newsphotos)

including training for judges, prosecutors, and other legal personnel; improving court administration; reproducing and disseminating basic legal materials; training for criminal investigators; modernization of law codes; strengthening of case reporting systems; and support for local bar associations. In addition, U.S. officials are facilitating the establishment of cooperative links between relevant private U.S. organizations—such as law schools, bar associations, and law institutes—and their counterparts in Latin America and the Caribbean. Grants to support these activities have been made to the UN-affiliated Latin American Institute for the Prevention of Crime and Treatment of Offenders (ILANUD), the University of the West Indies, the Inter-American Bar Association and Foundation, and private and governmental agencies in individual countries.

Electoral Institutions

The consolidation of democratic government in Latin America and the Caribbean depends in large measure on increased public confidence in the electoral process and the institutional capacity to administer it. U.S. assistance seeks to build this capacity in national institutions through technical assistance, training, and material resources to help establish sound laws and procedures, administer elections, carry out measures to prevent fraud, and educate citizens about the voting process. In El Salvador in 1982, 1984, and 1985, and in Guatemala and Honduras in 1985, U.S. assistance for the electoral process—including provision of special ballot paper and ink and aid to computerize voter registration rolls—supported the democratic transition. AID funds have also been used to finance training of poll monitors in Guatemala and to support teams of international electoral observers for elections in Honduras and El Salvador.

In addition to assistance to individual countries, AID provides support to technical assistance, training, and research programs of the Inter-American Center for Electoral Assistance and Promotion (CAPEL), a division of the Inter-American Institute of Human Rights, located in San José, Costa Rica. The creation of CAPEL was a Latin American initiative, stemming from a meeting of foreign ministers in October 1982. Its services and resources are available to public and private institutions and individuals throughout the region.

Since 1984, increased funding has allowed CAPEL to expand its programs rapidly. The center has developed a roster of electoral experts from the Americas and Europe who can provide technical advice and participate in training courses, research projects, and observer missions. CAPEL has responded to requests for technical advice from Bolivia and Honduras on improving and computerizing voter registries; from Guatemala on drafting a new electoral law; and from Ecuador on improving the vote counting system. The center has conducted training courses on electoral legislation in Guatemala, Costa

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Rica, and Honduras, cosponsored by each country's electoral court, the bar association, and local universities. A private organization in Haiti invited CAPEL to collaborate in a seminar on the electoral process and in a proposed nationwide voter education project to promote full participation in the elections scheduled for 1987.

CAPEL's growing data center collects and disseminates materials on electoral legislation, rights, and processes, and maintains permanent records of election results for all the countries in the region. The Department of State is aiding development of an electoral data base through a project with the Institute of Interamerican Studies at the University of Miami that is being coordinated with CAPEL. The data base will be available to students, journalists, and scholars from throughout the hemisphere as well as government analysts.

By collaborating with national organizations, CAPEL is building a valuable network of individuals and institutions committed to promoting well-administered, free, and competitive elections. In 1985, CAPEL helped stimulate creation of the Association of Electoral Organisms of Central America and the Caribbean, an organization designed to foster international cooperation to promote representative democracy. As its interim secretariat, CAPEL helped organize and fund the association's first annual meeting in San Salvador in December 1986 to which both Haiti and the Philippines sent official observers.

Strengthening Legislative Capacity

AID funds are used to support activities designed to promote and facilitate continuing interchange among parliamentarians in Latin America and the Caribbean, North America, and Western Europe, as well as to build the institutional capacity of regional legislative bodies.

In 1982, AID funded a training seminar for newly elected legislators initiated by the Congress of the Dominican Republic and a local university. Interest generated by the seminar led to the design of a long-range program of support services to enhance the policymaking and administrative skills of legislators. Drawing on this model and

with technical assistance from participants in the Dominican program, the legislatures of El Salvador, Guatemala, and Honduras are undertaking similar programs funded by AID to strengthen information management and analysis and administrative support.

Antinarcotics Assistance

The United States is cooperating with governments throughout the hemisphere to end production of and trafficking in narcotics. In Mexico, Jamaica, and Colombia, we are working together to eradicate drug crops. Our most dramatic efforts to date have been in Bolivia, where U.S. military forces provided transportation for local law enforcement teams to destroy drug processing laboratories.

In the Caribbean and The Bahamas, we have supported extensive programs to interdict drug shipments. Other programs throughout the region support training for law enforcement officers and public education. The war on drugs at all levels also is being expanded with

new resources provided by the omnibus drug bill passed in 1986. Of course, a central part of any strategy must deal with the massive consumption of drugs in the United States.

Civil-Military Relations

In 1987, U.S. authorities in California arrested retired Argentine General Suarez Mason whose extradition Argentina had requested after his indictment for human rights abuses. Through tangible actions, private consultations, and public statements, the U.S. Government is attempting to make clear that it expects cooperation between U.S. and Latin American military services to take place within a framework of civilian control and support for democracy. This was the theme of a major address entitled "A Democratic Vision of Security" by Assistant Secretary of State for Inter-American Affairs Elliott Abrams at the 25th commencement ceremony of the Inter-American Defense College on June 13, 1986 (see *Department of State Bulletin* of August 1986).



Poll workers in San Salvador open a ballot box and begin to count the votes in the presidential runoff election of May 6, 1984. Ballot counting had to be done by candlelight after guerrillas disrupted the city's power supply. (© UPI/Bettmann Newsphotos)



Tiradentes: A Vision Vindicated

In late 1788, in the Province of Minas Gerais in the Brazilian interior, a group of men launched the first major conspiracy against Portuguese colonial rule. Their motives were mixed: freedom from debt and taxes owed to the Crown, a more open commercial system, and abolition of a social structure that denied them upward mobility. Some were inspired by the dream of a free republic, patterned after the newly independent American colonies. As students in France, several had discussed their plans with Thomas Jefferson.

The central figure in the *Inconfidência Mineira* (or Minas Conspiracy) was Joaquim José da Silva Xavier, a low-ranking officer known by his nickname "Tiradentes" (toothpuller), who embodied the complex motivations behind the conspiracy. After several business failures and the loss of his property, he entered the military but was passed over for pro-

motion in favor of officers with better connections. Because of his dental skills, Tiradentes eventually met some merchants in Rio de Janeiro and, with them, developed his plans for an independent republic.

The scheme called for Tiradentes to provoke a riot, then lead an assault on the Governor's residence at the head of a group converted to the republican cause. After declaring an independent republic in Minas Gerais, the conspirators hoped to carry their war of independence to the other provinces. The constitution they planned called for economic reforms; freedom for native-born slaves; and establishment of a university, schools, and hospitals. Citizens would have the right to bear arms and would be required when necessary to serve in a national militia, but there would be no standing army. Each town would have a council subordinate to a parliament in the capital. After 3 years of provisional rule to consolidate the republic, elections were to be held annually.

Before they could carry out the plan, one of the conspirators divulged the plot. Tiradentes confessed but, to spare the others, claimed that he had conceived the plot alone. Among the charges leveled against him was attempting to translate the U.S. Constitution into Portuguese. The conspirators were tried, convicted, and sentenced to death; all save Tiradentes had their sentences commuted. On April 21, 1792, he was led to the gallows on the outskirts of Rio and hanged.

After Brazil became an independent republic almost 100 years later, Tiradentes was hailed as a hero. His vision had helped thrust Brazil into the nationalist, anticolonialist, republican mainstream of the Enlightenment and set Brazil on the road to the democracy it enjoys today.

government has increased protection of human rights and provided channels for the redress of grievances. Freedom of the press has been restored in as large a country as Brazil, in some ways the freest of societies, and as small a country as Haiti, where for decades government censorship limited all forms of political expression.

Many of the same forces that sparked the decline of authoritarianism seem likely to favor continued democracy. Urbanization, industrialization, and the growth of the middle classes are continually expanding the potential democratic power base. Higher rates of education and literacy are increasing the number of people capable of seeking an active role in government and of communicating and obtaining mutual support from like-minded groups to protect democracy once achieved.

In 1985, two amendments to the Charter of the Organization of American States were proposed to recognize that "representative democracy is an indispensable condition for the stability, peace, and development of the region" and that the promotion and consolidation of democracy are among its essential purposes. These provisions foster and reflect the potential for hemispheric solidarity and cooperation among countries united by democratic principles and practices. The inaugurations of newly elected civilian governments have become regular occasions for the democratic nations of the hemisphere to show their commitment to these principles.

The international implications of Latin America's democratic revolution are enormous. The democratic Government of Argentina has stressed its desire for a negotiated settlement with the United Kingdom over control of the Falklands/Malvinas Islands. This approach sharply contrasts with that of the predecessor military regime, which tried to resolve the issue through military action. In July 1986, Argentina and Brazil signed a dozen accords designed to promote trade, cooperation in key industries, and otherwise strengthen mutual support and cooperation.

Finally, the absence of democracy has been recognized as a major source of conflict within countries as well as among them. In Central America, democratization has been the key to progress in El Salvador, while in Nicaragua the absence of democracy hampers national reconciliation. Democratization in both El Salvador and Honduras contributed to reducing

With funding from AID and other donors and the assistance of the Bureau of Inter-American Affairs of the Department of State, the School of International Service of the American University in Washington, D.C., is undertaking a study of civilian-military relations designed to promote dialogue among scholars and military and civilian leaders from the United States and Latin America. Civil-military relations is now a standard topic in the Washington briefings given to participants in USIA's International Visitor Program.

The Need for Mutual Support

The promise created by the convergence between Latin American democratization and increased U.S. support for democracy can only be fulfilled if headway is made in overcoming two separate problems, one for each potential partner in the quest for inter-American cooperation. They are Latin American instability and U.S. inconsistency.

For Latin America, the preliminary indications suggest that, this time, the cycle of instability is being broken in enough countries to make a difference. The strengthening of constitutional

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historic border tensions and to their ability to implement the dispute resolution mechanisms contained in the 1980 peace treaty ending the 1969 war between them.

In the United States during the past decade, the U.S. Government—with both the Congress and the executive branch participating and, at times, even seeming to compete—has taken an increasingly active role in support of democratic processes and institutions throughout the hemisphere.

Considerable uncertainty nonetheless remains about the consistency of vigorous U.S. support for the democratic revolution in the region. Lack of sufficient funding for U.S. foreign assistance could, over time, cripple U.S. foreign policy. New protectionist trade barriers would aggravate the debt crisis. Halting support for democratic forces in Nicaragua would further endanger the security of the Central American democracies.

Increased U.S. continuity in foreign policy and political and financial commitment to democracy would mitigate many of these threats. Continued support for democracy requires a consistency—the combination of political will and sufficient resources—that has often been absent from U.S. foreign policy in recent years. The emergence of bipartisan coalitions in the Congress on matters from the Caribbean Basin Initiative to support for the Nicaraguan democratic resistance suggests this may be possible.

In short, though the dangers are great and growing, those who envision an enduring cooperative relationship among democratic societies throughout the Americas have more reason to be optimistic today than at any time since the early days of the Alliance for Progress. In Latin America, democratic achievements are all the more impressive because they have come piecemeal, one country at a time, usually without grand illusions about the outside world. In the United States, the realization that our neighbors in Latin America and the Caribbean are increasingly committed to democracy and that their success is important to our own security is strengthening support for a new bipartisan consensus.

If the United States and the countries of Latin America and the Caribbean continue to provide each other support and encouragement, as they have in the past decade, it will be possible to say that democracy will have fulfilled its promise as both a cause and a result of good relations between Latin America and the United States. ■

Nicaragua: Appearance v. Reality

Elections were held throughout the Somoza era. Real power, however, was never put to a vote. The major change under the Sandinistas is that elections are not even regular.

General Somoza offered the Conservative opposition 40% of the seats in a constituent assembly in 1971. The "pact" between the Conservatives and Somoza's Liberal Party was rejected by other opposition parties, including the Independent Liberal Party and the Social Christian Party. But Somoza's manipulations made possible legal and constitutional changes that allowed him to run for president in 1974 in an election in which 9 out of 10 opposition groups had been excluded.

On August 17, 1974, Nicaragua's Roman Catholic bishops responded to the exclusion of the opposition by issuing a pastoral letter that declared that "a dominant majority party does not have the right to exclude and deny recognition to the minorities." The bishops denounced "legal weapons," asserting: "When the law becomes an instrument of force used to deprive citizens of their rights, to sterilize and destroy civic action, to imprison for the sole offense of not accepting the only system or the existing regime, it is legal war: it is the absurd destruction of man by the law."

Ten years later, in 1984, the Sandinistas put Nicaragua through the motions of another election. As in 1974, the Sandinistas never intended that the elections would determine who would exercise power. As in 1974, the Sandinistas permitted a faction of the Conservatives to win the largest share of opposi-

tion votes. And as in 1974, other parties opposed the ruling party's manipulation. Major opposition forces united in the *Coordinadora Democrática* to run Arturo Cruz for president but boycotted the election when it became clear that their candidates were denied the right to campaign freely. The Independent Liberal Party tried to withdraw later in the campaign, but was prohibited from doing so on a technicality.

On April 22, 1984, Nicaragua's Roman Catholic bishops responded to the growing polarization of Nicaraguan society by issuing a pastoral letter which declared that "it is dishonest to constantly blame internal aggression and violence on foreign aggression" and called for national reconciliation through dialogue. "All Nicaraguans inside and outside the country," asserted the bishops, "must participate in this dialogue, regardless of ideology, class, or partisan belief. Furthermore, we think that Nicaraguans who have taken up arms against the government must also participate in this dialogue."

On February 7, 1987, seven opposition parties—the Independent Liberal Party, the Social Christian Party, the Constitutional Liberal Party, the Popular Social Christian Party, the Conservative Party, the Social Democratic Party, and the Communist Party called for the creation of a National Peace Commission to work for a ceasefire; full political, social, and economic rights in accordance with the new constitution; general amnesty; and an election calendar. The 1983 Contadora objectives and more recent Central American negotiating initiatives, including proposals put forth by President Oscar Arias of Costa Rica on February 15, 1987, also make clear that democracy can no longer be left to appearances.

Additional Information

Recent steps to strengthen the rule of law in Latin America and the Caribbean are summarized in U.S. Department of State Special Report No. 145, "Hemispheric Cooperation in the Administration of Justice," April 1986. The role of the military within a democracy is the subject of Current Policy No. 844, "A Democratic Vision of Security," an address by Assistant Secretary of State Elliott Abrams before the Inter-American Defense College, June 13, 1986. U.S. support for democracy in Central America in accordance with the recommendations of the National Bipartisan Commission on Central America (the "Kissinger Commission") is extensively documented in the report to the President from the Secretary of State, Special Report No. 148, "The U.S. and

Central America: Implementing the National Bipartisan Commission Report," August 1986. The progress made in one particular case also is summarized in "Guatemala's Transition Toward Democracy," Public Information Series, November 1986. Special Report No. 132, "Revolution Beyond Our Borders: Sandinista Intervention in Central America," September 1985, examines in detail the manner in which a powerful minority proclaimed itself a vanguard committed to revolutionary internationalism and sought to undermine elections and democratic reforms.

These materials and others on U.S. foreign policy and U.S. relations with Latin America and the Caribbean are available by writing to the Bureau of Public Affairs, Room 5815A, United States Department of State, Washington, D.C. 20520, or by telephoning (202) 647-6575.

One Inspiration, Many Models

In 1813, Thomas Jefferson imagined the day when the people of Latin America would be liberated from colonial rule and military despotism. In a letter to his old friend Lafayette, he predicted that the inevitable conflicts of the old autocratic order would "bring the people into motion, into action, and into the exertion of their understandings." The example of the United States, Jefferson hoped, would be "an excitement as well as a model for their direction."

In their struggle for independence, the peoples of Latin America and the Caribbean did find inspiration in many of the same Enlightenment principles that formed the basis of Jefferson's constitutional thought. The philosophers of the Enlightenment believed that, just as there were laws of Nature, there were laws that governed human activity. They had limitless confidence in the ability of reason to discern those laws and apply them to human affairs. They also believed that man could be persuaded by Reason to conform to those laws without resort to the tyrannical and barbarous practices of earlier governments.

It was in the New World that men first attempted to apply these principles and to systematize not only the laws that govern the citizens of the state but also the rights of those citizens. These principles, spelled out in constitutions throughout the Americas, are familiar to all of us: government derives its authority from the consent of the governed; all men are equal under the law and entitled to due process; government has an obligation to guarantee individual liberties such as freedom of speech, of assembly, and of religion; and the constitution itself forms a body of supreme law.

The people of Latin America and the Caribbean sought additional inspiration in the French "Declaration of the Rights of Man and of the Citizen" and the Spanish Constitution of 1812. A number of the original Latin American constitutions went beyond the U.S. model by outlawing slavery. Constitutional revisions in this century have emphasized economic and social rights conforming to contemporary conceptions of social justice.

As Jefferson had envisioned, the United States did serve as an inspiration for the independence movement throughout the Western Hemisphere. Today, however, U.S. policy does not envision a single model of government for our neighbors. We know now that that is



Top: The Barbados House of Assembly is one of the oldest representative bodies in the world. The House, the lower chamber of the modern Parliament pictured here, has met continuously since 1639. (Photo courtesy of the Barbados Board of Tourism, New York)

Bottom: Brazilian President José Sarney tells a joint session of the U.S. Congress on September 11, 1986: "The true name of peace is democracy, because democracy is understanding, the capacity to find solutions other than the solutions of might." (Photo courtesy of the U.S. House of Representatives)



neither possible nor desirable. The region's constitutions establish many different forms of government—federal and unitary, parliamentary and presidential, republic and commonwealth. But Jefferson's essential vision remains: as

democratic neighbors, we have a role to play in support of a democratic transition based on the values that all people of the Americas share—liberty, equality, justice, and peace.

Country Summaries

 Type of election(s)

 Date of most recent election(s)

 Date of next election(s)

Antigua and Barbuda

Parliament	Apr. 1984	By 1989
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Antigua and Barbuda, which achieved its independence from Great Britain in 1981, has a parliamentary system of government with an elected House of Assembly and an appointed Senate. The British monarch, who continues to be recognized as chief of state, is represented by an appointed Governor General. The governing Antigua Labor Party (ALP), led by Prime Minister V.C. Bird, Sr., won decisively in the April 1984 elections, defeating an opposition coalition composed of the United People's Movement, the People's Labor Movement, and the Antigua Caribbean Liberation Movement. Although the centrist ALP swept 16 of 17 parliamentary seats, the election was considered free and fair by all accounts. A new opposition party, the United New Democratic Party (UNDP), was formed in March 1986 from the remnants of several old opposition parties. The UNDP, which has attracted several newcomers to politics, has a moderate, pro-Western philosophy.

Argentina

Congress	Nov. 1985	Nov. 1987
President	Oct. 1983	Nov. 1989

Argentina's most recent return to democracy began with a record-breaking turnout of more than 15 million voters in presidential and congressional elections on October 30, 1983. Argentines also went to the polls in large numbers in October 1984 in a nonbinding plebiscite on the Beagle Channel Treaty prior to the treaty debate in the Congress. Subsequent legislative elections in 1985 were widely considered an important step in consolidating democracy in Argentina. A wave of terror bombings designed to disrupt the campaign failed when the government invoked a state of

siege, which in no way interfered with the campaign or the polling. The nearly 84% turnout, which approached that of the 1983 presidential election, was seen as a massive repudiation of violence and a popular affirmation of democracy. Distribution of the vote probably also helped to consolidate democracy: while the governing Radical Civic Union Party of President Raúl Alfonsín maintained its majority in the lower house, the Justicialist (Peronist) Party, despite serious internal divisions, polled sufficient support to maintain its plurality in the Senate and its credibility as a potential democratic alternative. In late 1986, parties began active campaigning for the 1987 round of congressional and provincial elections.

The Bahamas

Parliament	June 1982	By 1987
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The Commonwealth of The Bahamas became an independent member of the British Commonwealth on July 10, 1973. As in most other Commonwealth nations, the chief of state is the British monarch, who is represented by an appointed Governor General. The government is a Westminster-style parliamentary democracy. The executive and the legislative branches are interdependent, but the judiciary is independent. Parliament, which has a maximum term of 5 years, consists of two houses: an appointed, 16-member Senate and an elected 43-member House of Assembly. The Senate's members are appointed by the Governor General on the advice of both the Prime Minister and the leader of the opposition. Members of the House of Assembly are elected from individual constituencies. Prime Minister Sir Lynden O. Pindling's Progressive Liberal Party (PLP) has won five consecutive national elections dating back to 1967. The next election must take place by August 1987.

Barbados

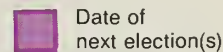
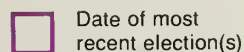
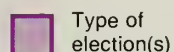
Parliament	May 1986	By 1991
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One of the most stable and prosperous countries in the Caribbean, Barbados is a flourishing parliamentary democracy with an elected lower chamber (House of Assembly) and a nominated upper chamber (Senate). The chief of state is the British monarch, who is represented by an appointed Governor General. Elections constitutionally are due every 5 years. There is a well-established two-party system; both parties are moderate, centrist, and pro-Western. Major differences center on personalities rather than philosophy. The ruling Democratic Labor Party (DLP) of Prime Minister Errol Barrow is closely allied to the island's major labor union and won 24 of 27 seats in the May 1986 elections. The opposition Barbados Labor Party won three seats and is led by Henry Forde. Although there are several radical, left-wing parties active in Barbados, they do not pose a challenge to the dominance of the two major parties. Elections have been scrupulously free and keenly contested.

Belize

Parliament	Dec. 1984	By 1989
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Belize achieved independence from Great Britain in 1981 after an extended period of internal self-government. The pattern exemplifies the successful local adaptation of the British parliamentary tradition that flourishes in the Caribbean. In December 1984, in the first general elections since independence, the United Democratic Party (UDP) led by Manuel Esquivel won 21 of 28 seats in the House of Assembly. Voter turnout was moderate, and the election was free of any charges of fraud. The UDP, a moderate-to-conservative party, favors private enterprise to diversify Belize's sugar-based economy. The major opposition party is the moderate-to-leftist People's United Party.

**Bolivia**

Congress, President	July 1985	July 1989
Municipal	July 1985	Dec. 1987

Bolivia returned to democratically elected government in October 1982 following 18 years of military regimes. In 1984, faced with an increasingly chaotic economic situation, inflation of more than 20,000%, severe social unrest, the specter of a military coup, and the incapacitation of his government, President Hernán Siles Zuazo called for national elections in July 1985, a year ahead of schedule. The first round of the 1985 balloting gave no candidate an absolute majority. In accordance with the Bolivian Constitution, the Congress then chose between the principal vote winners and elected Victor Paz Estenssoro president.

Once installed, the Paz government moved swiftly and successfully, with the support of losing presidential candidate Hugo Bánzer and his Nationalist Democratic Action Party, to impose stringent economic reforms and deal with disruptive social elements. In 1986, the Paz administration requested U.S. military assistance to mount a very effective drug interdiction campaign despite severe domestic political criticism.

of military rule, a civilian was elected president by an electoral college on January 15, 1985. The President-elect, Tancredo Neves, fell ill on the eve of his inauguration and died without taking office. Vice President-elect José Sarney became president. President Sarney has established himself as a major political figure in his own right. The Sarney administration is backed in Congress by the Democratic Alliance, comprised of two centrist parties: the PMDB (Party of the Brazilian Democratic Movement) and the PFL (Liberal Front Party). Together, they have instituted significant changes in the social and economic spheres.

A second major election was held on November 15, 1985, when Brazilians voted for mayors of the capital cities of the country's 23 states. The Democratic Alliance won most of the races. A third election on November 16, 1986, selected governors, federal deputies, two-thirds of the Senate, and state legislatures. Again, the Democratic Alliance scored a major victory, with the PMDB winning 22 of 23 gubernatorial races and majorities in the Chamber of Deputies and the Senate. The election was especially significant because the Congress will write a new constitution for Brazil.

scheduled to vote on a single candidate nominated by the junta of commanders of the army, navy, air force, and police to serve until 1997. If the junta's nominee receives a majority of the votes cast, he would assume his duties on March 11, 1989. If the nominee is not confirmed in the plebiscite, the constitution provides for open presidential and congressional elections to be held 90 days before the completion of Pinochet's current term extended by 1 year; that is, the new election would be held 90 days prior to March 11, 1990. On that date, the newly elected president and Congress would accede to power.

President Pinochet has publicly opposed any changes to the 1980 constitution, although opposition representatives and some government supporters have advocated replacing the plebiscite with free elections. A constitutional amendment allowing free elections in 1989 is theoretically possible, if proposed by President Pinochet and ratified by plebiscite.

While the 1973 military takeover enjoyed considerable popular backing, opposition to continued military rule has grown over the 13 years of the Pinochet government. It responded to mounting public opposition and demonstrations with a tentative political opening in 1983, which ended with the imposition of a state of siege. Another period of liberalization followed the removal of the state of siege in mid-1985, but the Pinochet government firmly rejected dialogue with the democratic opposition, which had by then come together in a broad coalition of political parties known as the National Accord. The Chilean far left, meanwhile, has actively supported terrorist violence in hopes of blocking development of conditions that might lead to a peaceful transition to full democracy. The government, in turn, has used this communist-sponsored terrorism to justify broad crackdowns against the opposition. An assassination attempt against President Pinochet by communist terrorists in September 1986 led to reimposition of a state of siege, which was lifted in January 1987.

The Pinochet government has taken some steps to establish the juridical framework for the presidential plebiscite expected in 1989: adopting an electoral registration law in 1986 and announcing that a law to legalize democratic political parties would be promulgated early in 1987. But severe restrictions on political activity and other human rights prob-

Chile

Constitutional plebiscite	Sept. 1980	1989
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The military took power in Chile in September 1973, replacing an elected government led by Marxist Salvador Allende, whose alliance with both Marxist-Leninist radicals and Moscow-line communists was creating mounting opposition and disorders in what had previously been considered one of Latin America's most democratic countries. The military ruled by decree until 1981, when a constitution ratified by a September 1980 plebiscite took effect. The constitution's provisions and the conditions under which it was adopted were criticized by opposition groups.

The constitution confirmed Gen. Augusto Pinochet as president until 1989, at which time another plebiscite is

Brazil

President	Jan. 1985 (indirect)	Jan. 1991* (direct)
Mayoral	Nov. 1985	Nov. 1989
Congress, Governors	Nov. 1986	Nov. 1990

Brazil has held three major elections in the last 2 years. Following two decades

* The new constitution may change the presidential term; thus, it is possible that the next presidential elections will be held before January 1991.

WESTERN HEMISPHERE

■ Type of election(s)

□ Date of most recent election(s)

■ Date of next election(s)

lems persist. Efforts to improve the political atmosphere and restore fundamental freedoms such as freedom of assembly and speech are necessary for meaningful progress on a transition to full democracy. The United States has strongly supported a return to elected, democratic civilian government in Chile, welcoming the National Accord and urging dialogue between the government and the democratic opposition.

Colombia

Congress	Mar. 1986	Mar. 1990
President	May 1986	May 1990

Colombia has been governed by democratically elected governments for most of this century. The only exception was the dictatorship of Gen. Gustavo Rojas Pinilla (1953–58). Since then, the Liberal and Conservative Parties have dominated the political system, generally alternating the presidency between them. Congressional and presidential elections in 1982 and 1986 were considered free of fraud. The 1986 presidential election, which saw heavier than usual voter turnout, produced a landslide victory for Liberal Virgilio Barco Vargas over Conservative Alvaro Gomez Hurtado. President Barco continued efforts to entice guerrillas to join the political system.

Costa Rica

President, Congress	Feb. 1986	Feb. 1990
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Costa Rica is one of Latin America's oldest constitutional democracies. The Constitution of 1949 eliminated the army in order to end any institutionalized military threat to elected civilian government; created a fourth branch of government—the Supreme Electoral Tribunal—with remarkable independent powers to assure scrupulously honest elections; and prohibited presidential

reelection (or the election of anyone in the president's cabinet or immediate family). National elections, held every 4 years, select the president, two vice presidents, the entire Legislative Assembly, and local municipal councils.

In 1982 and 1986—and for many years before—the elections were actively contested, free of fraud, and featured voter turnouts of approximately 85%. Two major parties—both moderate—dominated both elections: the Christian democratic Social Christian Unity Party and the social democratic National Liberation Party. The latter captured both the presidency and the legislature in the last two elections. Other parties active in the 1982 election included the center-right National Movement, the communist Pueblo Unido coalition, and the fringe Independent and Democratic Parties. The 1986 election, which gave the presidency to Oscar Arias, also included the communist Popular Alliance, the communist Pueblo Unido coalition, the personalist National Christian Alliance, and the fringe Independent Parties. An earlier split within the Costa Rican Communist Party (PVP) was successfully arbitrated by the Supreme Electoral Tribunal.

Cuba

Although Fidel Castro's ascension to power in 1959 was based in part on his promises to bring democratic freedoms, Cuba is a communist one-party state, and—with the fall of Trujillo in the Dominican Republic and Duvalier in Haiti—the most important exception to Caribbean traditions of democracy and representative government. The Cuban constitution contains provisions for popular and competitive elections; freedom of the press, speech, and religion; and guarantees of civil liberties. However, in accordance with the constitution, these protections are not available to "enemies of socialism," as defined by the state. Thus, Castro rules through classic authoritarian and Marxist-Leninist repression. There are no independent institutions or freedom of press or speech. Neither an independent judiciary nor a free trade union exists, and there are restrictions on religious practice.

Behind the ideological smokescreen, Castro's government is that of an aging, traditional *caudillo*, within the modern control mechanism of the 20th century party-state. There is no concept of a legal organized opposition, and this is summed up in Fidel Castro's aphorism: "Within the revolution, everything; against the revolution, nothing." Under these circumstances, those elections that have been held in Cuba since the revolution have been recognized as meaningless.

Dominica

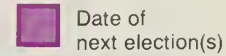
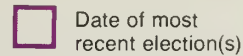
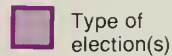
Parliament	July 1985	By 1990
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Dominica is a parliamentary democracy in the British tradition with an elected House of Assembly and nominated Senate. Unlike the other states of the Organization of Eastern Caribbean States (OECS), where the chief of state (the British monarch) is represented by an appointed Governor General, the head of state in the Commonwealth of Dominica is the president. Dominica, however, remains a member of the Commonwealth and continues to recognize Queen Elizabeth II as sovereign. Elections are constitutionally due every 5 years and have been free and fair. In the 1985 national election, the Dominica Freedom Party (DFP) of conservative, pro-Western Prime Minister Eugenia Charles defeated the leftwing opposition Labor Party of Dominica and the affiliated Marxist-led Dominica United Labor Party.

Dominican Republic

President, Congress	May 1986	May 1990
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Despite an earlier history of alternating civil turmoil and authoritarian rule, democracy and fair election procedures have become institutionalized in the Dominican Republic. Suffrage in the Dominican Republic is universal and compulsory for those over age 18 and married. Over 70% of the registered voters participated in the 1986 national



elections. The country's three major political parties, the Reformist Party, the Dominican Revolutionary Party, and the Dominican Liberation Party, are represented at all levels of the government—federal, state, and local. With the election of Joaquín Balaguer in May 1986, the Dominican Republic has now had six consecutive elections at 4-year intervals. This follows a 5-year period of instability (1961–66) and the long dictatorship of Rafael L. Trujillo (1930–61). Two of those elections—in 1978 and 1986—resulted in the transfer of power to the major opposition party.

Ecuador

Congress, Municipal	June 1986	Jan. 1988
President	May 1984 (2d round)	Jan. 1988 (1st round)

Seven years of military rule ended in 1979 when Ecuador returned to civilian rule with elections under a new constitution. The constitution stipulates that no president may succeed himself. The inauguration of President León Febres Cordero on August 10, 1984, marked the first transition in 24 years from one elected democratic government to another.

Democratic institutions have had to survive several potentially destabilizing events since 1979. In May 1981, President Jaime Roldós died in a plane crash, but Vice President Osvaldo Hurtado assumed power in an orderly transition even though he belonged to a different party. In March 1986, a disgruntled air force general, Frank Vargas, staged two uprisings against the government of President Febres Cordero. In January 1987, rebellious air force troops supportive of Vargas briefly kidnapped the president and obtained Vargas' release from military custody. This incident generated coup rumors and led to opposition calls for Febres Cordero's resignation. In response, the Ecuadorean Armed Forces publicly rejected the notion that they might use the crisis to reimpose military

rule, and Febres Cordero declared his intention to complete his term and to hold elections as scheduled in 1988.

Febres Cordero, a businessman, is a member of the Social Christian Party (PSC), which in the 1984 elections joined several other parties in a coalition called the National Reconstruction Front to defeat the presidential candidacy of Rodrigo Borja Cevallos of the Democratic Left (ID). Borja is one of several candidates expected to seek the presidency in 1988. In the midterm elections of June 1986, the ID won 17 seats in the unicameral Congress, giving it the largest congressional representation of any political party. The ID and other opposition parties hold a total of 40 of the 71 seats in Congress and have vigorously debated government initiatives, especially economic policy.

El Salvador

President	May 1984	May 1989
Congress, Municipal	Mar. 1985	Mar. 1988

In 1979, a reformist coup began what has turned out to be a gradual transition to democracy despite civil war and foreign intervention. In 1982, popular elections were held for a constituent assembly. Political parties allied with the guerrilla umbrella organization, the Farabundo Martí National Liberation Front (FMLN), rejected an offer of automatic registration for the elections, and called on voters to stay home. Very heavy voting was widely interpreted as a popular plea for peace. When none of the six participating parties won a majority, the assembly selected independent lawyer Alvaro Magaña Borja to head a government of national unity.

A presidential election was held on March 25, 1984. Eight candidates representing a broad political spectrum competed in the first round. José Napoleón Duarte, a founder of the Christian Democratic Party and former populist mayor of San Salvador, and Roberto D'Aubuisson, a retired army officer and leader of the ARENA (National Republic Alliance) party, received the most votes. In a runoff held on May 6, 1984, Duarte won 54% of the vote to become El Salvador's first freely

elected civilian president in more than 50 years; more than 80% of the electorate went to the polls.

International observers attested to the fairness of both rounds of the 1984 presidential elections. Legislative and municipal elections, held as scheduled in March 1985, were again judged by international observers to have been free and fair. In a surprise result, the Christian Democrats obtained an absolute majority in the Legislative Assembly by winning 33 of 60 seats. The remainder of the seats were split among ARENA (13 seats), the Party of National Conciliation (12 seats), and several minor parties. El Salvador is now preparing for the next round of Legislative Assembly (1988) and presidential (1989) elections. In addition to the established parties, new conservative and social democratic parties are seeking legal inscription from the Central Electoral Council and working to build support for the next elections.

Grenada

Parliament	Dec. 1984	By 1989
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The parliamentary elections of December 3, 1984, were the first national elections since 1976, the first since the rise and disintegration of the Marxist New JEWEL Movement, and the first since the brief 1983 U.S.-Caribbean military operation to restore order. Not surprisingly, the elections took place under the close scrutiny of several observer organizations. The observers concluded overwhelmingly that the elections were free and fair. The 84% voter turnout produced a firm mandate for the New National Party coalition led by Herbert Blaize. Five other parties participated in the elections, including the Grenada United Labor Party of former Prime Minister Sir Eric Gairy and the Maurice Bishop Patriotic Movement, formed by supporters of the late Marxist prime minister, who had ousted Gairy in the 1979 coup.

WESTERN HEMISPHERE

■ Type of election(s)

□ Date of most recent election(s)

■ Date of next election(s)

Guatemala

Congress	Nov. 1985	Nov. 1990
President	Dec. 1985 (runoff)	Nov. 1990

Constituent Assembly elections on July 1, 1984, with the participation of an unprecedented 72% of the eligible electorate were characterized by international observers to have been remarkably free and open. The number of voters exceeded by nearly 800,000 the previous high recorded in 1982. Nine political parties and one regional civic committee, covering the legal political spectrum in Guatemala, won seats. In the 1985 National Assembly elections, three parties or coalitions, representing the right, center, and left, won 23, 21, and 20 seats respectively. The left-of-center Christian Democrats ran well in the heavily populated Indian highlands. The center-right Union of the National Center won the majority of seats in the capital area and made a strong showing on the south coast. The conservative parties (particularly the National Liberation Movement) fared less well than expected but retained their traditional strongholds in the eastern portion of the country. At the other end of the political spectrum, the Social Democratic Party competed openly after years of exile and won one congressional seat. President Vinicio Cerezo of the Christian Democratic Party was inaugurated on January 14, 1986. Guatemala still faces formidable social, cultural, human rights, and economic problems, but the progress made since 1984 is encouraging.

Guyana

President, National Assembly	Dec. 1985	No later than Mar. 1991
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While Guyana maintains the structure of a multiparty parliamentary republic within the Commonwealth, its 1980 constitution defines the country as a "democratic sovereign state in the

course of transition from capitalism to socialism." The constitution states that presidential, National Assembly, and regional elections are to be held every 5 years. Since 1964, the People's National Congress (PNC) has dominated political life in Guyana. Opposition parties and some civic organizations have charged electoral fraud. Since 1980, there have been two elections, the first on December 15, 1980, and the most recent on December 9, 1985. In the last election Desmond Hoyte was elected president. Opposition parties have either pulled out of these elections (1980) or refused to acknowledge the results as valid (1985). Municipal elections were scheduled for December 1986 for the first time since 1970; however, the opposition parties decided to boycott the elections even before nominations were closed. They alleged that the elections would not be fair since the PNC dominated the electoral machinery. The unopposed PNC candidates were declared elected by the elections commission, but no voting took place.

Haiti

Constituent Assembly	Oct. 1986	Not applicable
Constitutional Referendum	Not applicable	Mar. 1987
President, Congress	Not applicable	Nov. 1987

On February 7, 1986, President-for-Life Jean-Claude Duvalier fled Haiti, ending almost 30 years of autocratic government under the Duvalier family. He left behind an impoverished people with the lowest per capita GDP in the Western Hemisphere, a bankrupt government, a faltering economy, and an almost complete lack of institutions capable of participating effectively in a democracy. The "elections" held during the Duvalier era were designed to perpetuate the status quo and placate aid donors insistent on tangible evidence of democratic reform.

The National Governing Council (CNG), the transitional government led

by General Henri Namphy, replaced Duvalier, eliminated the repressive symbols and practices of his regime, and set in motion a process of political institution-building. In June 1986, the council issued a comprehensive political calendar. Fulfilling one of the initial steps in the calendar, the CNG held Constituent Assembly elections on October 19. The assembly will draft a new constitution which then is to be approved in a national referendum in March 1987. Elections are to be held in November 1987 for a president and for members of the national legislature. Dates of future elections will be determined with the adoption of a new constitution.

Honduras

President, Congress	Nov. 1985	Nov. 1989
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The April 1980 Constituent Assembly elections began a process that ended nearly 18 years of military rule. On November 29, 1981, Roberto Suazo Córdova of the Liberal Party won 54% of the presidential votes and 44 of 82 congressional seats. The major opposition party, the National Party, won 34 seats. Suazo's inauguration in January 1982 restored democratic civilian government to Honduras. In 1985, José Azcona Hoyo of the Liberal Party won election as president with about 51% of voters casting ballots for his party. The Liberal Party won 67 of 134 congressional seats and the National Party won 64. Azcona's election led to the first transfer of power between two democratically elected presidents in Honduran history.

The National Party, the oldest political party in Honduras, has traditionally maintained a moderate-to-conservative ideology and close ties to the Honduran military. The Liberal Party, which developed from the National Party in the early years of this century, has maintained a slightly more reformist ideology. Two smaller parties, the Innovation and Unity Party and the Christian Democratic Party, have taken positions somewhat to the left of the two major parties, but neither has obtained substantial electoral support. The National Congress recently passed elec-

■ Type of election(s)

□ Date of most recent election(s)

■ Date of next election(s)

toral reforms that include the introduction of American-style party primaries and conventions to select presidential candidates.

Jamaica

Parliament	Dec. 1983	By 1988
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Jamaica, a member of the Commonwealth, has been a functioning democracy since independence in 1962. Under the country's parliamentary system, elections are held for members of the House of Representatives in each of the country's 60 constituencies. The constitution requires the prime minister to call a general election not later than 5 years after the first sitting of the previous parliament. The 1980 election saw the Jamaica Labor Party (JLP) defeat the then-ruling People's National Party (PNP) led by Michael Manley. In 1983, Prime Minister Edward Seaga called a "snap" election. The PNP boycotted the election because it contended that new elections should not be held until the voter rolls were updated. Following a revision of the rolls and the adjustment of electoral districts to reflect population shifts, the PNP participated in island-wide municipal elections on July 29, 1986. Opposition victories in 12 of the 13 parishes have led to PNP domination of local government, while the JLP controls the national government. The next parliamentary election must be called by December 1988 and held within 3 months of being called.

Mexico

President	July 1982	July 1988
Chamber of Deputies	July 1985	July 1988

Unlike many countries in the region, civilians have governed Mexico throughout most of the 20th century. For almost 60 years, this leadership has been drawn exclusively from the

Institutional Revolutionary Party (PRI). PRI candidate Miguel de la Madrid was elected president in 1982. But in recent years, opposition political parties have grown in membership and have run successfully in some municipal and legislative elections. Under electoral reforms begun in the late 1970s and modified in 1986, opposition parties have begun to play an increasingly important role in the Chamber of Deputies, the lower house in Mexico's bicameral national legislature. Beginning with the new Chamber that will be elected in 1988, at least 200 of that body's 500 seats will be allocated to the opposition on the basis of a modified form of proportional representation. In addition, the opposition will still be able to compete for the Chamber's remaining 300 seats, which are elected on the basis of single-member districts. In the July 1985 congressional elections, the opposition won 8 of the 300 single-member districts then being contested. One-hundred seats allotted to the opposition in 1985 were divided among eight opposition parties on the basis of proportional representation. The opposition, of which the National Action Party (PAN) is the largest component, often accuses the PRI and electoral officials of fraudulent practices. On some occasions, election reviews have indicated irregularities at the local level and initial PRI victories have been overturned. In general, however, election campaigns and balloting are conducted in an open manner.

Nicaragua

President, Congress	Nov. 1984	1990
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In July 1979, a broadly based coalition, whose military component was the Sandinista National Liberation Front (FSLN), overthrew the 44-year-old Somoza dynasty. The promised democracy never materialized. In April 1980, moderate members of the original revolutionary junta resigned, and, by the end of 1981, the FSLN held all key positions.

After rejecting elections as useless bourgeois trappings, the Sandinistas announced presidential and congressional balloting for November 1984, the week before the U.S. elections. The key opposition force was the *Coordinadora*, made up of political parties, labor unions, and private sector organizations, which nominated former junta member Arturo Cruz as its presidential candidate. The *Coordinadora* ultimately did not register its candidates because it believed the FSLN failed to provide the conditions necessary for free and fair elections. *Coordinadora's* rallies were broken up by government-sponsored mobs. Although the electoral law required that all parties be given equal time on television, opposition parties were denied access to the media. The FSLN received 67% of the vote, and Daniel Ortega was elected president. Some 75% of those eligible voted. Power was not at stake in the way the FSLN conducted the elections, but the fact of holding elections at all did give the FSLN some credit abroad.

Since 1984, political parties opposed to the FSLN have attempted to maintain some semblance of political life inside Nicaragua while exile groups, most of them linked to the armed resistance, have formed the United Nicaraguan Opposition (UNO), the Southern Opposition Bloc (BOS), and the Miskito-Sum-Rama Indian Unity (MISURASATA).

A new constitution was promulgated January 9, 1987, but was followed the same day by the declaration of a state of emergency. The government had said that municipal elections would be held in 1987 but did not set a specific date. Since then, the government has equivocated on that promise.

Panama

President, Congress	May 1984	May 1989
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In 1968, the late Gen. Omar Torrijos and several other military leaders seized power, instituting prolonged rule by the National Guard (subsequently known as the Panamanian Defense Forces). The

Type of
election(s)Date of most
recent election(s)Date of
next election(s)

Panamanian Constitution, in effect since 1972, provides for basic civil liberties; freedom of the press, speech, and assembly; and regular, competitive elections. While Panama is generally viewed as an open society and constitutional norms are followed for the most part, the Defense Forces' involvement in governmental affairs is pervasive.

The 1984 elections, the first direct presidential and legislative elections held in Panama since Torrijos came to power, remain a source of friction between the government and opposition party leaders. Although more than three-quarters of Panama's electorate participated in the elections, the vote was widely perceived as flawed, due to the prolonged vote tabulation process which was marked by irregularities. The resignation in September 1985 of President Nicolás Ardito Barletta, who had been declared the winner of the 1984 contest, under pressure from the Panamanian Defense Forces was viewed as a further setback to democracy. Barletta was succeeded by Eric Arturo Delvalle, who had been elected vice president in 1984.

The Democratic Revolutionary Party is the largest member of the National Democratic Union Coalition, the political organization affiliated with the Panamanian Defense Forces. The Panameñista Party of Arnulfo Arias is the opposition party with the greatest mass support, but historically it has been a major political force only when Arias has been an active candidate. The Panamanian Christian Democratic Party is well-connected internationally, maintaining close contact with the Christian Democratic International. This opposition party is respected for its ideological integrity but lacks a significant grassroots following.

Paraguay

President, Congress	Feb. 1983	Feb. 1988
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There has been little change in Paraguay's political system since Gen. Alfredo Stroessner emerged as the political strongman in 1954 following several years of instability. The legal opposition parties are guaranteed one-third of the seats in Congress but are

effectively powerless. A state of siege is continuously renewed and human rights problems persist. Though Paraguay has few political prisoners, the free exercise of individual liberties is curtailed, and opposition media voices remain banned or under heavy government pressure. In February 1983, President Stroessner was reelected to a seventh term that ends in 1988. The elections resulted in the ruling Colorado Party officially receiving more than 90% of the votes cast. Opposition party officials claim, however, that the elections were characterized by impediments to voter registration, fraud, ballot-box stuffing, and tabulation irregularities. The United States strongly supports the evolution of a more open political system in Paraguay, in which freedom of the press and expression are protected and all democratic parties can participate.

Peru

Congress, President	Apr. 1985	Apr. 1990
Municipal	Nov. 1986	Nov. 1989

Peru returned to democratic rule in 1980, ending 12 years of military dictatorship. The new constitution, promulgated in 1979, provides for the separation of powers among an executive (president), a bicameral legislature, and a judiciary; one 5-year term for the president; a second-round balloting system in presidential elections; and enfranchisement of illiterates. In the 1980 elections, Fernando Belaúnde Terry, whom the military had ousted in 1968 when it came to power, was elected president. In April 1985, Peru again had free and fair elections for a president, two vice presidents, and 240 members of the two houses of Congress. In July 1985, the Popular Action Party of President Belaúnde turned power over to the rival American Popular Revolutionary Alliance Party

(APRA) of President Alán García marking the first transfer of power between democratically elected civilian presidents in 40 years. APRA also gained a majority in the Congress. Nationwide municipal elections in 1980, 1983, and 1986 have reinforced the democratic trend and have recently brought local self-government to many rural communities for the first time.

APRA, founded by Víctor Raúl Haya de la Torre in 1924, was Peru's first mass political party. Inspired by the Mexican Revolution, APRA has been both anti-imperialist and anti-Marxist. Over the years, it has evolved into a social democratic party; it champions integration of all of the disparate elements of the Peruvian population into the country's society. The center-right Popular Christian Party favors a greater role for private enterprise in the economic development of Peru. The United Left (IU) is a coalition of leftist parties, including two communist organizations and entities further to the left of the communists. In the 1983 municipal elections, the IU won the mayoralty of Lima, Peru's capital and largest city; the APRA candidate won this position in the 1986 local elections. Ex-President Belaúnde's Popular Action Party fared badly in the 1985 national election and became a minority party.

St. Christopher and Nevis

Parliament	May 1984	By 1989
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St. Christopher (commonly called St. Kitts) and Nevis, which became an independent member of the Commonwealth in 1983, has a parliamentary system of government with an elected House and an appointed Senate. Prime Minister Kennedy A. Simmonds, leader of the People's Action Movement, rules in coalition with the Nevis Reformation Party, led by Simeon Daniel. This coalition government returned to power in a peaceful, democratic election in 1984. The leader of the opposing St. Christopher-Nevis Labor Party, Lee Moore, lost his seat in the 1984 elections, thus limiting his ability to challenge the present government.

 Type of election(s)

 Date of most recent election(s)

 Date of next election(s)

St. Lucia

Parliament	May 1982	By 1987
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St. Lucia—an independent nation within the Commonwealth since 1979—is a parliamentary democracy in the British tradition with an elected House of Assembly and nominated Senate. Elections are constitutionally due every 5 years and have been free, fair, and keenly contested. The centrist St. Lucia Labor Party (SLP) won the first postindependence election in 1979 but was brought down by internal squabbling and economic decline. The governing United Workers Party, a conservative party led by Prime Minister John Compton, won the 1982 elections. The Progressive Labor Party, a leftist splinter group of the SLP, is the only other major opposition group but is seen as unlikely to attract any significant electoral support.

St. Vincent and the Grenadines

Parliament	July 1984	By 1989
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St. Vincent and the Grenadines is a British-style parliamentary democracy with an elected House of Assembly (lower house) and an appointed Senate (upper house). The country has been an independent member of the Commonwealth since independence in 1979. Elections are due every 5 years and have been free, fair, and keenly contested. Five parties contested the 1984 elections. The two major parties are Prime Minister James Mitchell's New Democratic Party and the opposition St. Vincent Labor Party of newly elected

leader Vincent Beache. Both parties are centrist. The three nominally radical parties that contested the 1984 elections were resoundingly defeated.

Suriname

Until a violent military coup in February 1980, Suriname was a functioning democracy with a history largely free of violence. The last national elections—and the only ones held since independence in 1975—were the parliamentary elections of 1977. The new military government, headed by Lt. Col. Desiré Bouterse, suspended the constitution and placed effective power in the hands of a five-member military authority, subsequently reduced to its current two members. In August 1985, Bouterse, the chairman of the military authority, was made head of government. In January 1985, a 31-member National Assembly was appointed; 14 members were nominated by the military, and 17 were nominated by the labor unions and a business association. The assembly was tasked with drafting a new constitution. The military authority announced in December 1986 that the constitution would be ready by March 1987. The constitution is expected to be submitted to a popular referendum by September 1987. General elections are scheduled to be held no later than March 1988. In July 1986, a new cabinet composed of representatives of military, labor, and business groups, as well as of the three traditional political parties, was appointed to implement a program of political and economic reforms. The nature of this program has not been further defined.

Trinidad and Tobago

Parliament	Dec. 1986	By 1992
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Trinidad and Tobago achieved independence in 1962, initially retaining the British monarch as head of state. The country became a republic in 1976,

replacing the hereditary monarch, represented by an appointed Governor General, with a president as head of state. The government is a Westminster-style parliamentary democracy in which the executive and legislative branches are interdependent; the judiciary is independent. The nation's bicameral Parliament has a maximum term of 5 years. There have been six parliamentary elections since independence. The first five elections were won decisively by the Peoples' National Movement (PNM), formerly headed by late Prime Minister Sir Eric Williams. In the December 1986 general elections, however, the center-to-left National Alliance for Reconstruction, under the leadership of A. N. R. Robinson, resoundingly defeated the ruling PNM.

Uruguay

President, Congress	Nov. 1984	Nov. 1989
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Uruguay has one of the longest democratic traditions in Latin America, and voting is taken very seriously. The advent of military rule in 1973, in the wake of long-term economic decline and a serious problem of insurgency and terrorism, is seen by almost all Uruguayans as an anomaly in the country's political history. The return to democratic rule, marked by the inauguration of President Julio Maria Sanguinetti for a 5-year term in March 1985, following elections in November 1984, was supported by the vast majority of Uruguayans. Voter turnout was estimated at more than 90% of the electorate. The victorious Colorados won 41% of the vote, followed by 35% for the Blancos and 22% for the Broad Front. These parties now hold roughly those same proportionate shares

■ Type of election(s)

□ Date of most recent election(s)

■ Date of next election(s)

in the bicameral legislature. In addition to the Colorado and Blanco parties, a third political factor is the leftist Broad Front coalition, including Christian Democrats, Social Democrats, socialists, and communists.

Venezuela

Congress, President	Dec. 1983	Dec. 1988
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Venezuela has had a democratic government since the dictatorship of Gen. Marcos Perez Jimenez was overthrown in 1958. Presidential elections are held every 5 years and are preceded by years of campaigning. In the last four elections, the opposition party has won and been duly seated. In the 1983 elections, Social Democratic candidate Dr. Jaime Lusinchi was elected president. The central government has considerable power since state governors are appointed, not elected. There are municipal elections for aldermen every 5 years, shortly after the national elections. Although there are a variety of small parties, including the Communist Party, which cover the entire political spectrum, power has alternated between the two major parties, the Social Democrats (Accion Democratica) and the Christian Democrats (COPEI). Venezuelans are enthusiastic supporters of democratic elections and encourage electoral activity in other Latin American and Caribbean nations with less experience.

Dependent Territories

Anguilla

House of Assembly	Mar. 1984	By 1989
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The British monarch is represented by an appointed Governor, who presides over an elected Executive Council and a House of Assembly. Chief Minister Emile Gumbs led his Anguilla National Alliance to victory in March 1984 over the opposition Anguilla People's Party.

Aruba

Parliament	Nov. 1985	By Nov. 1989
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On January 1, 1986, Aruba became an autonomous state within the Kingdom of the Netherlands. Prior to this date, Aruba formed part of the Netherlands Antilles. The Aruban Government is a parliamentary democracy. General elections for the 21-member Parliament are held every 4 years. A free election was held on November 22, 1985, to choose the Island Council, which became the National Legislature when Aruba achieved separate status.

British Virgin Islands

Legislative Council	Sept. 1986	By 1991
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The British Virgin Islands is a British dependent territory governed by an appointed Governor and an elected local government. Former Chief Minister Cyril Romney's government fell to a

vote of "no confidence" in August 1986. Elections in September 1986 brought Chief Minister Lavitty Stout's Virgin Islands Party to power.

Cayman Islands

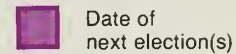
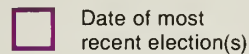
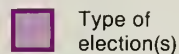
Legislative Assembly	Nov. 1984	Nov. 1988
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The Cayman Islands is a British dependent territory with a parliamentary form of government. The Legislative Assembly consists of 12 elected members and three official members. There are no political parties in Cayman, though loosely structured "teams" of like-minded politicians have banded together to contest elections. The last election took place in 1984. Elections must take place at least every 4 years.

Montserrat

Legislative Council	Feb. 1983	By 1988
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Montserrat is a British crown colony. Elections are held every 5 years. In March 1983, Chief Minister John Osborne was reelected, but his People's Liberation Movement lost two of its seven seats in Parliament to the opposition People's Democratic Party.



Netherlands Antilles

Staten	Nov. 1985	By Nov. 1989
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The Netherlands Antilles is an autonomous part of the Kingdom of the Netherlands. The government is a parliamentary democracy. There are two levels of government: the central government and the local governments of the island territories of Curaçao, Bonaire, St. Maarten, St. Eustatius, and Saba. General elections for the 22-member Staten, or parliament, and for the Island Councils are held every 4 years.

Turks and Caicos Islands

Legislative Council	May 1984	To be determined
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The Turks and Caicos Islands is a British Crown Colony. The government consists of a Governor appointed by the Queen and an 11-member elected Legislative Council. The People's National Party (PNP), headed by Norman Saunders, won eight seats in the May 1984 election. Saunders was appointed Chief Minister but had to resign when he was arrested and subsequently convicted of narcotics trafficking offenses in the United States. Nathaniel Francis replaced Saunders as Chief Minister but resigned in 1986 when a Commission of Inquiry established by the Governor found Francis and two of his ministers unfit to hold public office. The commission also found the leader of the opposition party to have been involved in a conspiracy to commit public order offenses to overthrow the Francis government. As a result of these internal difficulties, the constitution was amended by an Order of Council that replaces the Executive Council, drawn from elected members of the Legislative Council, with an Advisory Council, nominated by the Governor. The constitution is currently under review.

French Overseas Departments

French Guiana

National	Mar. 1986	By 1991
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French Guiana normally holds elections every 5 years. It elects one Senator and one Deputy to the French Senate and National Assembly.

Guadeloupe

National	Mar. 1986	By 1991
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In Guadeloupe, elections are open, democratic, and actively contested by parties on both the left and the right. Voter turnout is traditionally low; often fewer than 40% of registered voters cast ballots. As a French overseas department, Guadeloupe's political parties are essentially local versions of those competing in metropolitan France. Communists and socialists compete independently of each other on the left, while disagreements have led to the formation of separate *Union pour la Démocratie Française* and *Rassemble-*

ment pour la République slates on the right. Guadeloupe's northern dependencies, St. Martin and St. Barthelemy, operate as separate political entities but retain representation in the regional and general councils located in Guadeloupe.

Martinique

National	Mar. 1986	By 1991
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An overseas department of France, Martinique enjoys an open political system. In recent years, elections in Martinique have been highly competitive and often very close, with strong, well-known local candidates heading up tickets offered by both the right and the left.

TREATIES

Current Actions

MULTILATERAL

Antarctica

Antarctic Treaty. Signed at Washington Dec. 1, 1959. Entered into force June 23, 1961. TIAS 4780.

Accessions deposited: Greece, Jan. 8, 1987; Dem. Rep. of Korea, Jan. 21, 1987.

Fisheries

Protocol to amend the international convention of May 14, 1966 (TIAS 6767), for the conservation of Atlantic tunas. Done at Paris July 10, 1984.¹

Acceptance deposited: Spain, Nov. 21, 1986.

Law

Statute of The Hague conference on private international law. Done at The Hague Oct. 9-31, 1951. Entered into force July 15, 1955; for the U.S. Oct. 15, 1964. TIAS 5710. Acceptance deposited: Hungary, Jan. 6, 1987.

Maritime Matters

International convention on maritime search and rescue, 1979, with annex. Done at Hamburg Apr. 27, 1979. Entered into force June 22, 1985.

Accession deposited: Finland, Nov. 6, 1986.

Meteorology

Convention of the World Meteorological Organization. Done at Washington Oct. 11, 1947. Entered into force Mar. 23, 1950. TIAS 2052.

Accession deposited: United Arab Emirates, Dec. 17, 1986.

Nuclear Material—Physical Protection

Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.¹

Ratification deposited: Liechtenstein, Nov. 25, 1986.

Organization of American States

Protocol of amendment to the Charter of the Organization of American States. Signed at Cartagena de Indias, Colombia, Dec. 5, 1985.¹ Ratifications deposited: Barbados, Dec. 2, 1986; Dominican Rep., Dec. 3, 1986; St. Christopher and Nevis, Dec. 4, 1986.

Patent Cooperation

Patent cooperation treaty, with regulations. Done at Washington June 19, 1970; entered into force for the U.S. Jan. 24, 1978, with the exception of Chapter II. TIAS 8733. Accession deposited: Benin, Nov. 26, 1986.

Property—Industrial

Nice agreement concerning the international classification of goods and services for the purposes of the registration of marks of June 15, 1957, as revised. Done at Geneva May 13, 1977. Entered into force Feb. 6, 1979; for the U.S. Feb. 29, 1984.

Notification of accession deposited: Liechtenstein, Nov. 14, 1986.

Telecommunications

Radio regulations, with appendices and final protocol. Done at Geneva Dec. 6, 1979. Entered into force Jan. 1, 1982; definitively for the U.S. Oct. 27, 1973.

Approval deposited: Thailand, Sept. 16, 1986.

International telecommunication convention, with annexes and protocols. Done at Nairobi Nov. 6, 1982. Entered into force Jan. 1, 1984; definitively for the U.S. Jan. 10, 1986.

Ratification deposited: Guatemala, Nov. 21, 1986.

Trade—Textiles

Protocol extending the arrangement regarding trade in textiles of Dec. 20, 1973 (TIAS 7840, 10323). Done at Geneva July 31, 1986. Entered into force Aug. 1, 1986; for the U.S. Aug. 5, 1986.

Acceptances deposited: Canada, Nov. 11, 1986; Nov. 11, 1986; Colombia, Nov. 18, 1986; European Econ. Community, Dec. 2, 1986; Hungary, Nov. 26, 1986; India, Dec. 5, 1986;² Peru, Dec. 1, 1986; Singapore, Nov. 14, 1986.

BILATERAL

Australia

Agreement concerning the equatorial mesoscale meteorological experiment program, with related letter. Effected by exchange of notes at Canberra Jan. 5, 1987. Entered into force Jan. 5, 1987.

Agreement concerning the stratosphere-troposphere meteorological exchange project. Effected by exchange of notes at Canberra Jan. 5, 1987. Entered into force Jan. 5, 1987.

Austria

Agreement relating to international express mail with memorandum of understanding. Effected by exchange of letters at Washington and Vienna Aug. 6 and Sept. 4, 1986. Entered into force Feb. 2, 1987.

Bulgaria

Agreement relating to trade in wool textile products, with annexes. Effected by exchange of notes at Sofia June 20 and Nov. 27, 1986. Entered into force Nov. 27, 1986.

Canada

Agreement concerning trade in certain softwood lumber products, with memorandum of understanding, agreed minute, and related letters. Effected by exchange of notes at Washington Dec. 30, 1986. Entered into force Dec. 30, 1986.

Czechoslovakia

Agreement extending the air transport agreement of Feb. 28, 1969, as amended and extended (TIAS 6644, 7456, 7881, 8868, 10861). Effected by exchange of notes at Prague Dec. 11 and 18, 1986. Entered into force Dec. 18, 1986; effective Jan. 1, 1987.

Dominican Republic

Special access agreement relating to trade in cotton, wool, and manmade fiber textiles and textile products, with annexes and administrative visa arrangements. Effected by exchange of notes at Santo Domingo Dec. 18, 1986. Entered into force Dec. 18, 1986; effective Dec. 1, 1986.

Agreement amending agreement of Dec. 30, 1983, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Santo Domingo Dec. 18, 1986. Entered into force Dec. 18, 1986.

Ecuador

Agreement for the recovery and return of stolen archaeological, historical, and cultural properties. Signed at Washington Nov. 17, 1983.

Entered into force: Jan. 14, 1987.

Egypt

Project grant agreement for construction of a thermal cycle addition to Talkha gas turbine plant. Signed at Cairo Aug. 28, 1986. Entered into force Aug. 28, 1986.

Project grant agreement to support reforms in the agricultural sector and to strengthen market-based incentives. Signed at Cairo Sept. 30, 1986. Entered into force Sept. 30, 1986.

Second amendment to grant agreement of Sept. 26, 1984, for Cairo Sewerage II. Signed at Cairo Sept. 29, 1986. Entered into force Sept. 29, 1986.

European Atomic Energy Community (EURATOM)

Agreement for cooperation in the field of controlled thermonuclear fusion. Signed at Brussels Dec. 15, 1986. Entered into force Dec. 15, 1986.

Haiti

Agreement relating to trade in certain textiles and textile products, with annexes. Effected by exchange of notes at Port-au-Prince Sept. 26 and 30, 1986. Entered into force Sept. 30, 1986; effective Jan. 1, 1987.

India

International express mail agreement, with detailed regulations. Signed at New Delhi and Washington Nov. 20 and Dec. 11, 1986. Entered into force Jan. 17, 1987.

International Telecommunications Satellite Organization (INTELSAT)

Memorandum of agreement with respect to the Pan American Satellite Corporation consultation, with related letter. Signed at Washington Nov. 10, 1986. Entered into force Nov. 10, 1986.

Israel

Agreement for cash transfer to support the economic and political stability of Israel. Signed at Jerusalem Nov. 17, 1986. Entered into force Nov. 17, 1986.

Jamaica

Agreement for the exchange of information with respect to taxes. Signed at Washington Dec. 18, 1986. Entered into force Dec. 18, 1986.

Japan

Agreement in the area of radioactive waste management. Signed at Washington Dec. 3, 1986. Entered into force Dec. 3, 1986.

Agreement concerning trade in certain machine tools, with arrangement, agreed minutes, exchange of letters, and related letters. Effected by exchange of letters at Washington Dec. 16, 1986. Entered into force Dec. 16, 1986.

Agreement extending the joint determination of Oct. 30, 1981 (TIAS 10294), as extended, for reprocessing of special nuclear material of U.S. origin. Effected by exchange of notes at Tokyo Dec. 18, 1986. Entered into force Dec. 18, 1986.

Jordan

Agreement concerning mapping, charting and geodesy cooperation, with annexes. Signed at Amman Dec. 1, 1986. Entered into force Dec. 1, 1986.

Korea

Agreement amending agreement of Nov. 21 and Dec. 4, 1986, relating to trade in certain textiles and textile products. Effected by exchange of letters at Washington Dec. 18 and 23, 1986. Entered into force Dec. 23, 1986.

Agreement extending the memorandum of understanding of Nov. 6, 1981, concerning development of coal technology. Effected by exchange of letters at Washington and Gwacheon Oct. 7 and Nov. 5, 1986. Entered into force Nov. 5, 1986.

Agreement extending the memorandum of understanding of Nov. 6, 1981, concerning cooperation in the area of energy conservation. Effected by exchange of letters at Washington and Gwacheon Oct. 7 and Nov. 5, 1986. Entered into force Nov. 5, 1986.

Agreement extending the memorandum of understanding of Nov. 6, 1981, concerning cooperation in development and use of solar energy. Effected by exchange of letters at Washington and Gwacheon Oct. 7 and Nov. 5, 1986. Entered into force Nov. 5, 1986.

Mexico

Agreement amending the agreement of June 2, 1977 (TIAS 8952), relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Nov. 3, and Dec. 18, 1986. Entered into force Dec. 18, 1986.

Agreement amending the agreement of Mar. 29, 1983 (TIAS 10675), relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Sept. 27 and 30, 1986. Entered into force Sept. 30, 1986.

Mongolia

Memorandum of understanding concerning facilitation of the work of diplomatic missions. Signed at Washington Jan. 27, 1987. Entered into force Jan. 27, 1987.

Philippines

Agreement extending agreement of Nov. 24, 1982 (TIAS 10612), as amended, relating to trade in cotton, wool, and manmade textiles and textile products. Effected by exchange of notes at Manila Dec. 5, and 16, 1986. Entered into force Dec. 16, 1986.

Senegal

Agreement for sales of agricultural commodities, with memorandum of understanding and related letter. Signed at Dakar Dec. 17, 1985. Entered into force Dec. 17, 1985.

Agreement amending the agreement of Dec. 17, 1985, for sales of agricultural commodities. Signed at Dakar July 3, 1986. Entered into force July 3, 1986.

Thailand

Agreement relating to a war reserve stockpile program in Thailand, with annex. Signed at Bangkok Jan. 9, 1987. Enters into force upon each party's confirmation to the other that it has completed all steps necessary to bring agreement into force.

Yugoslavia

Agreement relating to trade in certain textiles and textile products, with annexes. Effected by exchange of notes at Belgrade Dec. 5, 1986. Entered into force Dec. 5, 1986; effective Jan. 1, 1987.

¹Not in force.

²With statement. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*1	1/5	Registration for NP-5 immigrant visas.
*2	1/5	Shultz: news briefing on FY 1988 foreign affairs budget.
*3	1/7	Regional foreign policy conference, Orlando, Jan. 23.
*4	1/13	Shultz: interview on "The Today Show," Maasai Mara Game Reserve, Kenya, Jan. 12.
*5	1/13	Shultz: arrival remarks, Nairobi, Jan. 10.
*6	1/14	Shultz: arrival statement, Abidjan, Jan. 12.
7	1/14	Shultz: address, Senegalese Business Council, Dakar, Jan. 8.
*8	1/15	Shultz: Akinyemi: remarks at Ministry of External Affairs, Lagos, Jan. 12.
*9	1/16	Shultz: luncheon remarks, Monrovia, Jan. 14.
10	1/20	Shultz: interview on NBC-TV's "Meet the Press," Jan. 18.
*11	1/20	Shultz: remarks, Martin Luther King, Jr., Center for Non-violent Social Change, Atlanta, Jan. 19.
*12	1/20	Shultz: remarks at Slave House Museum, Goree Island, Senegal, Jan. 8.
*13	1/20	Shultz: interview by members of State Department press corps, Jan. 16.
*14	1/28	Shultz: remarks and question-and-answer session, Citizens Network for Foreign Affairs, Jan. 27.
15	1/28	Shultz: remarks at U.S.-Mongolian diplomatic normalization ceremony, Jan. 27.
16	1/29	Shultz: remarks, opening of U.S.-Mexico Binational Commission meeting.
17	1/30	Shultz, Sepulveda: remarks on signing Annex IV to 1983 border environmental cooperation agreement, Jan. 29.
*18	1/30	Shultz: interview on "Worldnet," Jan. 29.
*19	1/30	Shultz: remarks at AID's African drought award ceremony, Jan. 28.
*20	1/30	Shultz: news conference, Nairobi, Jan. 10.
*21	1/30	Shultz: news conference, Lagos, Jan. 12.

*Not printed in the BULLETIN. ■

CSCE Semiannual Report

On behalf of the President, the Secretary of State on December 3, 1986, transmitted the 21st semiannual report on the Implementation of the Helsinki Final Act to Senator Alfonse D'Amato, chairman of the Commission on Security and Cooperation in Europe.

These reports are submitted to assist the commission in its function of monitoring the implementation of the Helsinki accords. The present report covers the period April 1, 1986-October 1, 1986. It provides a factual survey of developments in the areas covered by the 1975 Helsinki Final Act and the 1983 Madrid Concluding Document—human rights and humanitarian concerns; security; economic, scientific, and technological cooperation; and educational and cultural exchanges.

The report concentrates on Soviet and East European compliance with commitments undertaken in Helsinki and Madrid. Although the record of compliance varied among the Eastern states during the 6-month period covered by the report, overall performance remained seriously flawed in the area of human rights and human contacts. The report documents the persecution which many citizens of the Soviet Union and other Warsaw Pact countries continue to suffer for focusing attention on and attempting to alleviate violations of basic

human rights. And it details the outcome of Conference on Security and Cooperation in Europe (CSCE) meetings held during this period—the Bern human contacts experts meeting and the Stockholm Conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE).

The central theme of the report—the failure of the Soviet Union and its allies to abide by CSCE commitments—is also central to the approach of the United States and its NATO allies to the CSCE followup meeting now being held in Vienna, Austria. Since the opening of this meeting on November 4, the U.S. delegation, headed by Ambassador Warren Zimmermann, and other allied delegations have highlighted Soviet and East European compliance failures.

This report is an important element in the U.S. Government's continuing effort to assess the progress and shortcomings in pursuing the CSCE goals of strengthening security, expanding cooperation, building mutual confidence, and protecting human rights. Free single copies of this 40-page report are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520. Please request Special Report #154. ■

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The Struggle for Freedom, Martin Luther King, Jr., Center for Nonviolent Social Change, Atlanta, Jan. 19, 1987 (Current Policy #908).

The Foreign Affairs Budget Crisis: A Threat to Our Vital Interests, Senate Budget Committee, Jan. 23, 1987 (Current Policy #909).

Africa

U.S.-Supported Human Rights Program in South Africa (GIST, Jan. 1987).

Arms Control

Arms Control: The East Asian and Pacific Focus, Ambassador Rowny, Pacific and Asian Affairs Council, Honolulu, Dec. 30, 1986 (Current Policy #904).

Developments in NST Issues After Reykjavik, Ambassador Nitze, Defense Policy Panel, House Armed Services Committee, Dec. 4, 1986 (Current Policy #906).

Europe

Comparing the U.S. and U.S.S.R. on Social and Economic Issues, Ambassador Zimmerman, CSCE followup meeting, Vienna, Dec. 12, 1986 (Current Policy #905).

Twenty-First Semiannual Report—Implementation of Helsinki Final Act, April 1, 1986-October 1, 1986 (Special Report #154).

Foreign Assistance

Multilateral Development Assistance and the Environment (GIST, Jan. 1987).

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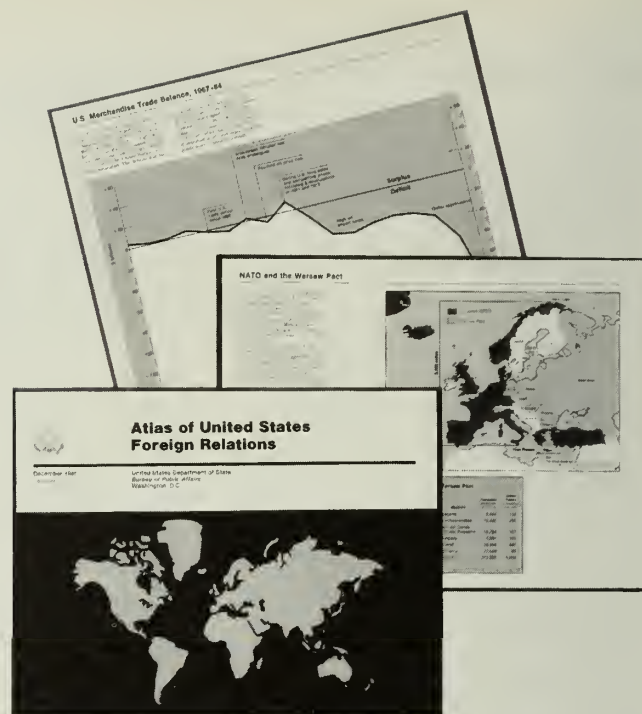
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Expanding Freedom: A Formula for Growth in the Americas, Jan. 1987 (Special Report #156). ■

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Volume 87 / Number 2121 / April 1987

Cover: President Reagan with Israeli Prime Minister Shamir.

(White House photo by Pete Souza)

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for Public Affairs

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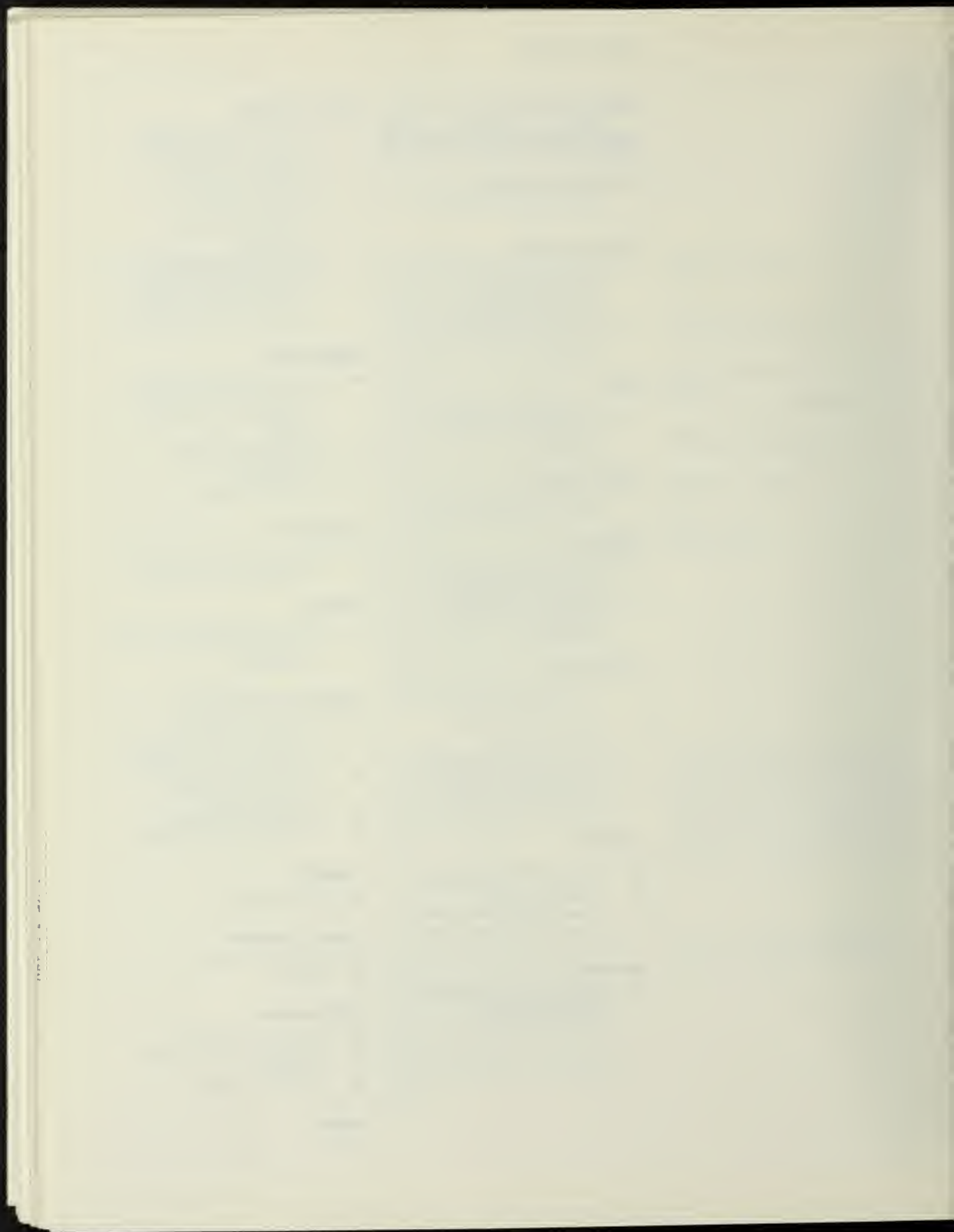
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A Quest for Excellence (Excerpts)

MESSAGE TO THE CONGRESS,
JAN. 27, 1987¹

• • • •

Shaping the International Economic Environment

The litmus test of whether we will be truly competitive in the 21st century will be our ability to meet the competition head-on—and win—in the international marketplace. The Federal government can play a key role here by helping to shape an international environment in which American knowledge, talent, and entrepreneurship can flourish.

In an increasingly interdependent world, currency flows, foreign government policies with respect to spending, saving and taxes, and trends in foreign investment all have a major impact on the competitiveness of American firms. We must shape these factors in ways that enhance, not inhibit, our competitiveness. This will require improved economic and monetary cooperation on a global scale. We will build on progress over the past year, including the new institutional arrangements we have developed both multilaterally and bilaterally, to guarantee a more stable and realistic value for the dollar, improved growth abroad, and an accompanying growth in markets for American firms.

The developing countries, particularly those in Latin America, represent new, growth markets of the next century. We will work to ensure that these markets meet their full potential by pressing our initiative on the debt problem, with a view toward increasing private investment and encouraging the necessary policy reforms within the developing world.

My Administration has aggressively used the funding provided in last year's "war chest" legislation to combat aggressively foreign predatory financing practices. We will focus our efforts on achieving an international agreement limiting these practices. But at the same time, our trading partners and competitors should be on notice that we will use our full authorities to counter foreign subsidized credit offers. To this end, we will be seeking the additional \$200 million in "war chest" monies promised last year.

We will not tolerate closed markets, trade barriers, and unfair foreign subsidies that disadvantage American firms in the world marketplace. We will aggressively seek to open foreign markets through multilateral and bilateral negotiations and eliminate foreign unfair trade practices whenever and wherever they occur through the active use of our trade laws.

We must ensure that the laws of the trading system recognize the commercial realities of the 21st century. We made major progress this past year in securing the launch of a new round of multilateral trade negotiations in GATT [General Agreement on Tariffs

and Trade]. We will push hard for quick results from the Uruguay round in areas critical to our competitive future, including agriculture, services, intellectual property, and investment.

We will also seek to achieve a major market opening close to home. More trade passes between the United States and Canada than between any other two countries in the world. We are now engaged in historic negotiations with Prime Minister Mulroney's government on a free trade agreement that will improve commercial opportunities on both sides of the border and serve as a model for trade liberalization on a global scale. We will work with the Canadians and the Congress to conclude an agreement in our mutual interests.

We will continue to assure that bribery to gain markets is deterred with criminal sanctions. However, uncertainty and ambiguity arising from portions of the Foreign Corrupt Practices Act serve as a needless disincentive to American business. My Administration will again propose amendments that eliminate these uncertainties by clarifying the act's "reason to know" and other provisions and reduce its costly and duplicative accounting requirements.

Our trade laws have proven to be effective instruments for opening foreign markets and defending American industries against unfair practices on the part of our competitors. I will propose improvements to these laws that will enhance our ability to meet the challenges from abroad without erecting protectionist barriers at home. Our proposals will emphasize opening markets through multilateral and bilateral negotiation, not closing them; encouraging adjustment while providing improved relief to industries injured by import competition; and tightening our laws to make them more effective in dealing with unfair foreign competition.

• • • •

IV. INTERNATIONAL PEACE AND FREEDOM

In the past 6 years my Administration has pursued a foreign policy based on realism—about the world we live in, about the nature of our adversaries, about the need for American leadership. To close gaps that had opened in the past, we were obliged to undertake a significant rebuilding of our defense capabilities. As a result, our allies have greater confidence in America, and the Soviet Union is more willing to work seriously for arms reduction.

Peace and progress, of course, depend on much more than a sound military balance. That is why, in the same spirit of realism, we encourage democracy, freedom, and respect for human rights by all nations. In this decade democracy has been on the march. Country

after country has joined those nations where the people rule. We have supported those freedom fighters who bravely make sacrifices so their nations will enjoy freedom and independence.

The successful conduct of foreign policy rests upon a strong bipartisan spirit in the Congress, and close cooperation between the legislative and executive branches. I am pledged to continue this long-held tradition, and hope the Congress will see the importance of doing the same. Toward that end, in the near future, I will send the Congress a full and comprehensive report on American foreign policy.

East-West Relations

Last October, my Iceland meeting with General Secretary Gorbachev brought great progress in the area of arms reduction. There is much work to do, and we continue to work in this area. It is, however, only one of several items on our agenda with the Soviets. No fundamental and lasting progress is possible in one area of our relations without improvement elsewhere.

My Administration is engaged in a broad range of bilateral and multilateral arms control negotiations. Our objectives include: deep, equitable, and verifiable reductions of nuclear arsenals; a cooperative transition by the United States and the U.S.S.R. to a strategic regime based increasingly upon defenses; verifiable limits on nuclear testing; a global ban on chemical weapons; and conventional force reductions to redress imbalances in Europe. In each of these negotiations, we are guided by principles of equity, increased stability, effective verification and strict compliance with both past and future agreements. I look forward to meeting again with Mr. Gorbachev to advance this important work.

Responsible Soviet conduct abroad is essential to a peaceful international environment. I have urged Mr. Gorbachev to withdraw all Soviet forces from Afghanistan and to allow genuine Afghan self-determination, to cease support for Cuban expeditionary forces in Africa, and to promote a withdrawal of Vietnamese forces from Cambodia. In the absence of such actions, the Soviet Union can hardly expect to be treated as a respectable member of the international community.

In the Soviet Union today there is much talk of change. We must hope for a true break with the past, but we see both hopeful and discouraging signs, especially in the critical area of human rights. Certain better-known dissidents have been released while others continue to receive very harsh treatment; tragically, emigration remains at a historic low, and religious persecution continues unabated. My Administration will welcome, and respond to, positive steps toward greater respect for human rights,

THE PRESIDENT

while expressing our views on the enduring nature of the Soviet system.

Since I met General Secretary Gorbachev in Geneva, exchanges between our two societies have gained momentum. I hope for further expansion of people-to-people contacts in 1987.

One of the most important obstacles to improved East-West relations, which touches on all elements of our agenda, is the continuing unnatural division of the European continent. Toward the states of Eastern Europe, our policy of differentiation remains intact; in particular our trade relations with them will continue to reflect the extent of internal freedom and foreign policy independence from Moscow.

America in the World

The extraordinary surge of democracy that we have seen in the past 6 years, particularly in the developing world, benefits us politically, economically, and strategically. Democratic transitions are nonetheless fragile; they require constant nurturing and careful support. This Administration will continue to work with and support those nations that share our interests and values. By diplomatic and other means we can help create the peaceful environment in which free institutions flourish.

To help create such an environment, the Congress should support adequate funding levels for economic and security assistance. The year 1987 is the 40th anniversary of the Marshall Plan, a reminder that American commitment and generosity serve our own interests while changing the course of history for the better. Our goal is to foster peace and stability by helping friendly nations to defend themselves and by encouraging market-oriented economic growth abroad. We continue to work toward the elimination of hunger and extreme poverty for both humanitarian and security reasons. Thus, *American* interests are harmed if our programs in this area are cut by the Congress below adequate levels, as they have been.

The advance of democracy and the strengthening of peace are closely related. Nowhere is this clearer than in our own hemisphere. We must continue to provide support and assistance to freedom fighters in Central America. To that end I will ask the Congress for renewed assistance for the Nicaraguan democratic resistance, which faces a Leninist dictatorship that has received over a billion dollars of Soviet-bloc arms. I also strongly support a supplemental appropriation for the economic development of the Central American democracies.

State-sponsored terrorism has increased dramatically in the last few years. When such incidents go unpenalized, further terrorist efforts are encouraged. We will continue to build our capability to deter and, when necessary, to combat swiftly and effectively state-sponsored terrorism worldwide. In this regard, I am requesting necessary funding to continue the multi-year program to improve the protection and security of our personnel and facilities overseas.

The people of the Philippines, whose history is closely linked with ours, acted last year to reconfirm their democratic traditions. We encouraged them, and applauded their success. This year, my Administration will seek additional support to assist the Aquino government, as it confronts serious economic and security problems. The rebuilding of political institutions and restoration of investor confidence are Filipino goals that America must support.

My Administration will continue to enforce the Comprehensive Anti-Apartheid Act of 1986. We seek an end to apartheid and will use our influence to foster a peaceful transition to a truly free, democratic, and multi-racial society. We will offer a special economic assistance program for southern Africa. We will also seek to restructure economic assistance to Africa so as to reinforce positive policy reforms in a growing number of African nations. This approach, whose goal is to promote investment and economic growth in Sub-Saharan Africa, is reflected in the Administration's FY 1988 budget request.

The United States must be able to communicate information and ideas on a worldwide basis. Ongoing expansion of America's international broadcasting capability—the Voice of America, Radio Free Europe/Radio Liberty, and Radio Marti—must, therefore, continue. Increased resources for the United States Information Agency are also needed to reach this goal. In addition, the National Endowment for Democracy and its subsidiary elements—including free labor, free enterprise, and the political parties—permit the United States to help strengthen the infrastructure of democracy, particularly in the less developed countries. Funding for this program is very small; the potential return on our investment, very high.

In the past, the ideals of the UN Charter have often been trampled under foot. The United States remains committed to restoring efficiency and impartiality to the United Nations and effectiveness to its peacekeeping activities. We will use our influence to restore respect in the UN for the principles on which it was founded.

My Administration will continue efforts to achieve the fullest possible accounting of our servicemen missing from the Vietnam war. Recent progress can continue with the strong bipartisan support in the Congress for this humanitarian issue. Also, my Administration is committed to aiding refugees and those countries providing first asylum to them. International organization support, multilateral and bilateral programs, and resettlement opportunities in the international community are all required to ensure humanitarian treatment of these homeless and shattered peoples.

The Administration is proud of a path-breaking agreement reached this year with the Pacific island states over the long-contentious tuna fishing issue, one that our adversaries have tried to exploit. Modest but indispensable funds are needed to meet our obligations under the agreement.

Maintaining A Strong National Defense

The increased resources we have devoted to national defense in the past 6 years have brought many benefits—above all, a lasting peace. Our forces have been modernized, the quality and spirit of those in uniform have risen to the highest levels, and we have begun work on new technologies that can protect America in the future and free us from the nuclear balance of terror.

All these efforts must continue. We need realistic and sustained growth in defense funding to consolidate the real gains we have made. The alternative is unacceptable: spending less will unavoidably mean less security. We cannot keep America strong without committing the resources that this effort requires.

In keeping with the recommendation of the Packard Commission, and as required by the 1986 Defense Authorization Act, I have submitted a 2-year national defense budget for 1988–1989. The Packard Commission stressed no point more than the need for greater stability in defense funding. Roller-coaster, surge-and-starve budgeting leads to higher costs and dangerous risks to national security. Furthermore, I want us to get our money's worth from every defense dollar spent. Under the leadership of the Secretary of Defense, with the expert help of the new Under Secretary of Defense for Acquisition, this Administration will continue to take important strides toward improving the acquisition system. Other major changes in DOD organization and the procurement system have been underway, some since the beginning of this Administration. So I hope the Congress will withhold further efforts to legislate defense procurement reform until the effect of these changes can be fully evaluated.

Our strategic modernization program is essential to assuring our national safety in the years ahead. The strength it provides is also the indispensable foundation for negotiating the deep cuts we seek in nuclear arsenals. The Soviets are willing to bargain and make concessions only if they understand that—in the absence of agreements—America will provide for her own security.

Strategic Defense Initiative research explores the way to move toward a world in which effective defenses, rather than threats of retaliation, keep the peace. This vital program reinforces our policy for arms reductions—as an incentive for the Soviets to agree to real arms reductions and as an insurance against cheating on arms reductions agreements. The pace of research to date has been impressive, and I will ask the Congress to increase funding so that we can continue moving forward.

My Administration will continue to maintain an effective nuclear deterrent, but at the same time it is essential that we and our allies modernize and strengthen conventional land, air, and naval forces so they can carry out their missions in the face of a steadily increasing Soviet threat. That will cost more money than the Congress has been willing to vote the last 2 years, but it is essential.

THE VICE PRESIDENT

America will continue to deploy military forces throughout the free world as proof of solidarity with our Allies and other friendly nations, and as a deterrent to those who might threaten our peace and freedom. Forward deployments not only underscore our national policies, but also provide valuable exercises and training for Active, Guard, and Reserve Component Forces.

The Soviet Union has the world's only operational ASAT [antisatellite] system. The U.S. miniature homing vehicle ASAT system that can deter the Soviets from using their system in times of crisis is in development. Its test program, however, has been blocked by a congressional unilateral ban that prohibits tests against targets in space. The Soviets are under no such prohibition. I will continue to urge the Congress to lift this moratorium as soon as possible. I will strongly oppose its extension beyond October 1, 1987. Such unilateral restrictions on the United States leave the Soviets with capabilities that endanger America's security.

Keeping America strong means more than acquiring ships, tanks, and planes. Those who wear the uniforms of our armed forces must receive appropriate recognition for the sacrifices and hardships that they are called upon to endure on our behalf. My Administration will take the necessary steps to continue to improve the quality of life for those in uniform. In this way we can retain the high-quality trained people serving now, all as volunteers, and provide sufficient incentives to recruit the qualified people that we need in the future.

As we revitalize our naval forces, we face the need to build home port facilities that can accommodate our growing fleet and to protect our vital merchant ports in the least vulnerable but affordable way. We must continue to implement and expand our strategic home-porting program.

Last fall I sent to the Congress a classified report on the threat to our security from the activities of hostile intelligence services. The report set out a blueprint of legislative and administrative measures to enhance our ability to meet this threat. I hope the Congress will act on our recommendations.

We must maintain the viability of our technology base and pursue new developments in conventional weapons technology. The armaments cooperation initiative with our allies helps us to improve acquisition management, share technological advances within the alliance, and enhance collective defense. The Soviet Union should regard the industrial unity of the West as an unbeatable force. We must not squander our gains through careless or felonious transfers of technology to potential adversaries. My Administration will continue our successful effort to curb the theft of strategic technology by the Soviet bloc.

V. CONCLUSION

This year of the 200th anniversary of our Constitution affords us the opportunity to make momentous strides in our quest for

national excellence. It will require the efforts of all of us—not just the government, but all the people. To achieve this greatness really comes down to just being our best. No government plan or program is capable of enacting such sweeping change and reform. All the Federal spending in the land cannot buy excellence. It must occur as part of the natural instinct of free people to compete for the highest standard. The proposals and actions outlined in this message will form the

foundation to meet the challenge of the third American century.

I look forward to working with the Congress in a bipartisan fashion in order to achieve this worthy goal. For when it comes to the future of America, there must be no Republicans or Democrats—only Americans.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Feb. 2, 1987. ■

Uniting Against Terrorism

Vice President Bush's address before an international conference on terrorism sponsored by Discover magazine on January 20, 1987.¹

I appreciate the opportunity to address this important conference on terrorism. In light of recent events and the speculation surrounding the U.S. counterterrorism policy, you could not have scheduled your conference at a more appropriate time.

A few weeks ago I spoke about our initiative toward certain factions in Iran. And I mentioned then that a widespread perception exists that this Administration traded arms for hostages, thereby violating our own strong policy of making no concessions to terrorists. When all the facts are out, the American people can make up their own minds on that key question. But the American people should also know that the President is certain to this very day that he did not authorize "arms for hostages."

At the same time you should know the concern that the President feels, that we all feel, when an American in terrorist hands is tortured and, in the case of William Buckley, killed. We will explore every channel, run down every lead. We will go the extra mile to free those American hostages.

I am here tonight to reaffirm our policy—a policy that we have built through arduous work and courageous example.

When we intercepted the hijackers of the *Achille Lauro* and helped bring them to justice, we took tremendous risks on behalf of a terrorism policy that was born of great conviction. When we flew our bombers for hours through the night to attack Libya's training camps, we again put our policy on the line. It is, therefore, with a profound sense of loss that I view this existing perception that we have abandoned our policy of not negotiating with terrorists.

I believe we must reaffirm our policy with a better understanding that there is a very thin and delicate line between talking with terrorists and negotiating with terrorists. As Terry Waite [personal envoy of the Archbishop of Canterbury] can surely attest, searching for ways to communicate with hostage-takers can be a ghostly business. Out of adversity comes opportunity. And we now have the opportunity to restore the credibility of our policy, give it new meaning, and move forward with a renewed commitment in our battle against the terrorist threat.

Having said that, let me read three sentences from the report on my task force on combatting terrorism. "Terrorism is a phenomenon that is easier to describe than to define. It is the unlawful use or threat of violence against persons or property to further political or social objectives. It is generally intended to intimidate or coerce a government, individual or groups to modify behavior or policies."

Now let me reaffirm the policy this Administration will follow in combatting terrorism. Let me restate the strong, straightforward language that continues to guide our policy.

We do not make concessions to terrorists. We do not pay ransoms. We do not release prisoners. We do not encourage other countries to give in to terrorists. And we do not agree to other acts that might encourage future terrorism.

It was back in July of 1985 that the President asked me to chair a cabinet-level task force on counterterrorism, and it was almost exactly 1 year ago this month that we issued our report. In all, the task force made 44 recommendations that constituted a unified strategy for fighting terrorism and that significantly improved our nation's capacity for addressing this threat.

THE VICE PRESIDENT

The most important achievement of the task force was to bring together the various parts of the government to agree to broad rules for action. We settled festering problems of jurisdiction. We resolved policy issues regarding the seriousness of the terrorist threat and the range of actions appropriate to dealing with it. And we set these issues in the context of a broader strategy—a strategy that has brought home some big victories.

Recent Incidents

As a result, we have made great progress in thwarting potential terrorist attacks. While only successful terrorist acts receive front-page coverage, I'd like to draw your attention to some of the attempted attacks that we've helped prevent.

For example, in Turkey last April, security officers arrested Libyan-supported terrorists who were planning to attack the U.S. Officers' Club in Ankara during a wedding celebration. Those arrests were possible, in large part, because of our joint intelligence efforts. In Paris, at about the same time, officials thwarted a similar attack planned against citizens in a visa line at the U.S. Consulate. Again, we helped.

Of course, our ultimate objective is to join with other nations devoted to peace and freedom so that we can wipe this planet clean of terrorism. International terrorism demands an international response. And we have a long, long way to go. Believe me, I know this all too well.

In June of 1985 I stood on the hard earth at Andrews Air Force Base, and I received in the name of this country the body of a young man named Robert Dean Stethem. You remember that name. He was the Navy enlisted man who was shot to death by terrorists on TWA Flight 847. They tortured him and then they shot him in the head. They killed him because he was an American serviceman.

A few months later, another gang of terrorists hijacked the *Achille Lauro*. Leon Klinghoffer was on board taking a last holiday cruise with his dying wife. The terrorists singled him out, a sick old man in a wheelchair, and they executed him. They killed him because he was an American.

Last March, four American terrorist victims included a mother and the baby she held in her arms. Not long afterward, two American soldiers and a Turkish woman were killed and another 150 people injured in the bombing of a West Berlin nightclub; a nightclub, I

might add, that was targeted because it entertained Americans.

As an American official, it's natural for me to highlight incidents where Americans have been killed. But I refer to these specific attacks to make a more general point. And that is that terrorism, wherever it takes place, is primarily directed against democratic governments and their citizens. The moral values on which democracy is based—individual rights, equality under the law, freedom of thought, freedom of religion, and the peaceful resolution of disputes—are all threatened by those who attempt to impose their will through terrorist violence.

Terrorism ranks as one of the greatest modern day threats to democracy in our own hemisphere. Consider for a moment Latin America, where in recent years Argentina, El Salvador, Peru, Colombia, Guatemala, Honduras, Brazil, and Bolivia have all taken impressive strides toward democratic rule. These countries, led by strong and sometimes heroic statesmanship, are building new, more open societies for their people in the face of murderous outfits such as the FMLN [Farabundo Marti National Liberation Movement] in El Salvador, the AVC [Alfaro Lives] in Ecuador, the M-19 in Colombia, and the Nicaraguan and Cuban Governments—both of which have been exporting subversion and terrorism throughout our hemisphere for years.

Terrorist Claims and Goals

Terrorists and their apologists frequently claim that they are merely "soldiers" or "guerrillas" or "freedom fighters" in a struggle for national liberation. I reject this premise. And the American people reject it.

Terrorists are criminals. They use murder, torture, hijacking, and the kidnapping of innocent people to further their own evil ends. In some cases the terrorist may even intend that his actions escalate into general warfare. But that does not convert a terrorist into a soldier any more than his political aspirations turn him into a statesman.

When terrorists aim their machine guns at a peaceful sidewalk cafe as they did in El Salvador in 1985, or when they slaughter worshipers as they did in an Istanbul synagogue just 4 months ago, they forfeit all right to call themselves soldiers or freedom fighters.

Terrorism attempts to erode the legitimacy of democratic institutions. Its real and lasting effects cannot be measured in body counts or property

damage but rather by its long-term psychological impact and the subsequent political results.

The terrorists' cry is: Don't trust your government, your democratic institutions, your principles of law. None of these pillars of an open society can protect you. Give in to our demands. The terrorists' goal is to attract attention to themselves and to their causes in defiance of democratic and legal processes. In that sense, terrorism is a kind of violent graffiti, and simply by capturing headlines and television time the terrorist partially succeeds.

Our Response

But the greater danger lies in our response. If democratic governments appear indifferent or impotent in the face of terrorists, they imply that there is something to what the terrorists have to say. As a stable and prosperous country, a society Abraham Lincoln called "the last, best hope on earth," the United States has a duty to help freedom-loving and democratic countries throughout the world, especially those in our own hemisphere, combat terrorism. It is neither bravado nor alarmist sentiment, but simple historical fact, that a lack of national will, an attitude of "ignore terrorism and it will go away," will result in more, not fewer, terrorist assaults. The British military historian Sir Robert Thompson once defined a country's military power as its applied resources plus its applied manpower multiplied by its national will. In the West's war against international terrorism, it is critical that would-be terrorists know that their actions will result in retribution.

At the same time, we do not take pleasure in confrontation or bloodshed. We do not look for fights. Military solutions can never be our first choice. Even in the case of our air strike against Libya, we tried every peaceful and diplomatic means of convincing Col. Qadhafi that his support of terrorism was unacceptable; when we acted and acted boldly the initial gasp turned into broad support for a message the Colonel heard loud and clear. So let there be no confusion, least of all among would-be terrorists. If a terrorist act is committed, we will come after you. And if we find you, we are going to bring you to justice.

Not only is the United States committed to bringing terrorists to justice, but we have encouraged all civilized nations to join us in hunting down suspected terrorists.

As you know, last week the long arm of the law caught up with two Lebanese men, both of whom are believed to have ties to Shi'ite Moslem terrorist groups that have attacked American targets in the past. In fact, one of those men, Mohammed Ali Hamadei, may have been involved in the murder of Robert Dean Stethem, the young serviceman I talked about earlier.

I want to share with you what I told his parents on that day when his body came home to its final resting place. I told them that we understood the lesson of their son's tragic death. I told them that we would not forget him. Three days ago, Robert Stethem's dad called me up. He told me that he and his wife cried half the night when they heard that one of the men who might well have murdered Robert had been captured. You see, the Stethems, their marvelous young son murdered in cold blood, don't want revenge. They simply want justice. I told him again that America hasn't forgotten his brave son. Well, we haven't. And our friends in Germany, those who deserve the credit for apprehending Mr. Hamadei, haven't forgotten either. And none of us are going to rest until Hamadei is brought to justice.

One of the key points in our task force report related to more international cooperation on extradition. I want to take this opportunity to thank the Germans for their fine cooperation on the extradition process of Hamadei.

We have to stand up to terrorism, and we have to keep standing up until we stop it. That's why our policy has been, and continues to be, no concessions to terrorists.

Our counterterrorist policy has realized many successes these past few years. But as a great nation that sees itself as a powerful force for good in a violent world, we recognize that we will not always succeed. Nevertheless, we have to try.

This Administration has tried hard to make the world a safer place in which to live. And we have tried hard to give democracy and freedom a better chance. With our allies' help, and with the support and trust of the American people, we will move forward united in our commitment to stopping terrorism, united in our commitment to democracy and freedom, and dedicated to carrying out our obligations as the leader of the free world. Our fight against terrorism rages on. It's a fight that together we must win.

¹Text from the Office of the Vice President's Press Secretary. ■

Meeting America's Foreign Policy Challenges

Secretary Shultz's address before the Institute of International Education and the World Affairs Council in Denver on February 20, 1987.¹

Today, I want to talk with you about the role the United States seeks to play in the world. Overall, our foreign affairs situation is good and our prospects bright. We have a strong hand with which to influence world affairs to our benefit—but only if we are persistent, use our advantages wisely, and apply the necessary resources to the conduct of our foreign relations.

To do so, we need to have clearly in mind just where we are and where we're going; the problems we face and the strengths we have for dealing with them; and, finally, the challenges that we should be focusing on right now. And that's the purpose of my remarks to you today.

America's Foreign Policy Goals

We begin with the question of our foreign policy goals. What are we, as a people and a nation, seeking to accomplish?

There is a strong consensus on our basic objectives. They are widely understood and supported by the American people. I think all of us can agree that we serve the interests of the United States best when we seek to:

- Protect the safety of our nation against aggression and subversion;
- Promote our domestic prosperity;
- Foster the values of freedom and democracy both at home and abroad;
- Act in a manner consistent with our humanitarian instincts; and
- Combat those activities which undermine the rule of law and our domestic stability—particularly, right now, terrorism and narcotics trafficking.

Over the past four decades, both Republican and Democratic administrations have come to agree on these goals. They're not the source of divisive partisan debate. But for that very reason, we sometimes take them for granted. We shouldn't. We should keep reminding ourselves of them, for they represent, in effect, the compass of our dealings with other nations.

Foreign Policy Problems

Now, how are we doing in accomplishing these broad objectives?

Clearly, we face a number of serious and immediate challenges in the world today—ones that directly affect our national interests. In the Middle East, in Africa, and elsewhere, persistent tensions threaten regional peace and stability. The continuation of conflict in the Persian Gulf raises the possibility of wider escalation of a war that threatens our energy security and that of our allies. In Central America, democracies are struggling to eliminate externally supported aggression and subversion. In Afghanistan, Angola, and Indochina, the Soviet Union and its proxies are using military force in the most brutal manner to maintain and expand their influence and control.

Elsewhere in the developing world, the efforts of local governments to address the root causes of their economic and social malaise have been hampered by large foreign debt and disappointing growth rates. The transition to greater political freedom in many of these countries continues to be a fragile process.

Current events in Beirut have yet again illustrated that no single country or its citizens are exempt from the scourge of terrorism. Combating that threat will continue to demand steadfast courage and expanded cooperation on the part of all civilized nations.

And among the major industrialized democracies of the world, we confront persistent pressures for thinly disguised protectionist measures. These short-sighted actions would only stimulate political confrontations among trading partners. They would have the effect of dismantling the open world trading system which has helped to generate so much of the West's prosperity and technological advantage of the past four decades.

Positive Trends in Our Favor

Now, that's the catalogue of problems. But more than balancing those problems is increasingly clear evidence that we are making significant progress in the world. Trends are in our favor. The movement toward expanded political and economic freedom is real and growing.

THE SECRETARY

Our world is already in the midst of a scientific and technological revolution—one whose social, economic, political, and strategic consequences are only beginning to be felt. Time and space are contracting as instantaneous communications make business, politics, and culture truly global for the first time. Familiar measures of economic development—and, by extension, military and political strength—are becoming outdated. This new information age is bound to have, and already has had, a profound impact on world politics and economics.

My own belief is that, having long since passed from the agricultural age—although we still produce more than enough food to feed ourselves—we in this country have left the industrial age, and we're in a new era. No longer, if somebody asks you, "What is the symbol of America's economy?"—well, maybe once you would have said the blast furnace and the assembly line. You wouldn't say that today, would you? It's different.

This new information age has the potential to be *our* age—a period which plays to the great strengths of the West. The productivity and competitiveness of a nation will be far more dependent on how freely knowledge can be used and shared. And unlike oil or mineral wealth, knowledge is a resource that does not diminish but, rather, increases with its use. In this sort of environment, open societies such as our own will thrive; closed societies will fall behind. What is more, this lesson—that freedom and openness are the wellspring of technological creativity and economic dynamism—is increasingly well understood throughout the world.

Recent events in the Philippines have once again demonstrated the power of the democratic idea. Throughout Latin America, we have seen a remarkable resurgence of democratic governments. Contrary to predictions of just a few years ago, the percentage of Latin America's population living under freely elected governments has grown from 30% in 1979 to more than 90% today. In witnessing these events, we cannot be indifferent to just how positive and important a role the United States can play in supporting such developments.

At the same time, there is an equally encouraging trend on the part of many nations away from central planning toward greater economic freedom for the individual and increased reliance on free market-oriented solutions to the

problems of economic growth. Few countries would now dispute that entrepreneurial initiative in a market environment is the engine of development and growth. These truths are being acknowledged even in the communist world, as demonstrated by economic reforms in China and Hungary.

All this reflects that the great ideological struggle that has marked this century ever since the Bolshevik revolution of 1917 has essentially been decided. In the contest between the Western values of democracy and individual freedoms and Soviet-style, party-dominated centralized collectivism, the trend is in our favor, and it's clear. In contrast with earlier decades, no one speaks today of communism as the wave of the future. The battle of ideas will doubtless continue, but we have the winning hand.

As a consequence, it is the Soviet Union's massive military might alone—and not any inherent economic advantage or political appeal—that underlies its status as a global competitor. The Soviet Union possesses a clear and sobering strategic threat to the United States and its allies. It has the capability to intervene with conventional military force, directly or through proxies, in many regions of the world and to threaten and to try to intimidate our allies and friends in these areas. It commands a massive nuclear arsenal and, in particular, an offensive ballistic missile force able to inflict great destruction on the United States and our allies.

We must be prepared to counter these threats. We must be prepared to deter Soviet aggression against the United States or its allies, by whatever means. We must have the defensive strength necessary to demonstrate that we and our allies would be able to respond instantly, and with enormous effectiveness, should we be attacked. That's the way to keep the peace, to have the capacity to deter.

Why Our Approach Works

As a nation, we have the ability to meet these challenges. We can capitalize on the foreign affairs opportunities before us. To do so, we have to show patience and determination—but we have powerful advantages in our favor.

The first of these advantages is our democratic vision. The effectiveness of our foreign policy reflects our confidence in our beliefs and values and in our purposes and priorities as a society. People throughout the world

look to us for a vision of the future, precisely because so many individual Americans—such as Martin Luther King, Jr., whose birthday we celebrated recently—have worked to extend the promise of our beliefs to everyone, regardless of race, creed, or class. And by so doing, they have made America stronger in the world: stronger in our own sense of solidarity as one people and stronger as a precious source of hope—realistic hope—for oppressed people everywhere.

And we gain strength from our tremendous economic capabilities. America's economic capacity—its ability to support ambitious national objectives, to advance the edge of technological creativity, and to support increased domestic prosperity—can only be described as awesome. Of course, we have our problems—and not the least is a Federal budget deficit that we must address promptly and effectively, and I'm confident we can. And by doing so, we will be better able to draw upon the powerful economic advantages that we possess in the pursuit of our foreign policy objectives.

We are also benefiting from a renewed sense of hard-headed realism about the importance of our own military strength. Healthy American defenses are the indispensable underpinning for any American foreign policy seeking a safer world and a more durable peace. Our weakness invites challenges and intransigence; our strength deters aggression and encourages restraint and negotiation on the part of our adversaries. But we face entirely new security challenges in today's world, including protracted armed subversion, state-sponsored terrorism, or the political disruption and violence associated with large-scale narcotics trafficking. If we are to be effective in meeting these threats—as well as in deterring more traditional forms of aggression—we have to be steady in supporting our commitments and ready to act decisively when necessary. We have to show the political will to use our military strength intelligently and effectively in defense of our most vital interests. And we have to be clearly perceived by both friends and adversaries as having that will.

Now let me turn to our diplomatic efforts. Power and diplomacy are not contradictory alternatives in our dealings with the world. They are complementary and reinforcing components of our foreign policy. Military preparedness alone is not enough.

Diplomacy is an essential and cost-effective means of accomplishing our objectives. But diplomacy that is not backed up by military strength is usually ineffective. And so, as a first resort, we seek to meet our objectives with diplomacy. It can encourage like-minded nations to join with us in common effort and bring a greater sense of predictability and stability to our relations with potential adversaries. If we attempted to deal with the diverse threats to our interests on a unilateral basis, this would demand great effort and enormous expense on our part. But there is a more efficient strategic alternative. Our diplomacy—along with its various tools such as security assistance and economic support funding—seeks to maximize our effectiveness in the world through cooperation with those nations with which we share basic values and common interests.

The Foreign Affairs Resource Crisis

Thus far, I have spoken about America's winning hand in world affairs because I am personally confident about our national strengths and the wisdom of our general approach. But I also have to sound a warning note as well. Just as we should be consolidating our recent gains, we are in danger of undercutting our position in the world by denying ourselves the necessary resources. Any strategy is only as good as the tools provided to work toward its objectives. And we are fast approaching a situation in which the United States will simply not have the foreign policy tools needed to get the job done.

Last month, the President submitted to the Congress his fiscal year (FY) 1988 and FY 1987 supplemental requests for the foreign affairs budget—some \$19.6 billion. I can assure you, the budget request was no pie-in-the-sky wish list. It reflected a number of tough choices that we had to make as part of our contribution to reducing the overall Federal deficit. As a result, our request for FY 1988 is \$1.6 billion *lower* than for the previous year. Our total request amounts to less than two cents on every dollar proposed to be spent by the Federal government.

This year, as the Congress begins to review our foreign affairs budget request, there is no fat to be cut—we've already gotten to the bone and well beyond. Over the past 2 years, Congress has made devastating cuts in our foreign affairs budget proposals. We have lost

over \$3.3 billion from the resources we were operating with in FY 1985, and we've had mild inflation since then, but some inflation, so the real value is even less. And, remember, a portion—roughly 40% or so—of that budget is fixed. It doesn't get cut. So the cuts get borne heavily by the remainder. And if you are trying to operate an embassy in Japan or in Western Europe where the currency cross-rates have changed drastically, you're in tough shape.

But these drastic reductions were *not* generated through any careful determination of national priorities. They didn't reflect any lessening in the importance or number of foreign policy challenges that this nation faces in the world. These cuts were more severe, in percentage terms, than the reductions in any other function in the President's budget requests. And, as I was saying, for our key posts in Europe and Japan, they have been even more damaging as a result of the recent decline in the dollar.

But what do these figures really mean? These draconian budget reductions are forcing us to play Russian roulette as we shortchange our various foreign policy interests. If massive cuts are continued this year, they will directly undermine our ability to exercise effective leadership in the world.

This budget crisis is perhaps the most urgent—and the least recognized—foreign policy problem facing our nation today. These cuts have seriously impaired our ability to provide necessary economic and military support for our allies and friends in need. By doing so, they risk our continued access to vital military bases and facilities overseas that would require tremendous expense and effort for us to try to replace or compensate for. They signal—correctly or not—a declining U.S. interest in supporting our friends and allies in strategically important regions.

And the effects of these cuts go further. They hamper our war on drug traffickers and on terrorists. They restrict our attempts both to promote democratic values and reforms overseas and to expand trade and develop jobs. And, by forcing us to close overseas posts and to curtail necessary training, such as language training, they are weakening not only our career Foreign Service but the government's very ability to follow, analyze, and understand developments in a fast-changing international environment.

Let there be no mistake: the expenditure of resources in support of our foreign policy objectives is not any sort

of a "giveaway." Our foreign affairs programs are designed to advance U.S. national security interests. They're a cost-effective way of doing so, and they make less likely the possibility that we will have to fall back on military means to counter threats against us. They are an investment in a better future for ourselves and our children. Attempting to save some dollars in the short run through deep cuts in these programs may turn out to be a very expensive illusion. Over the longer term, these cuts may cost us much more—in money, in jobs, and even in lives.

Challenges Before Us

And that should be an important lesson for all Americans. The pursuit of an effective foreign policy—one that seeks meaningful progress toward our basic goals—doesn't lend itself to quick fixes. Americans have to be prepared to conduct foreign relations on a coherent, long-term basis. But that requires a special steadiness and persistence on our part. A world of peace and security will not come without considerable exertion or without our facing up to some tough choices.

In particular, we cannot allow ourselves to lose our sense of focus on what we are seeking to achieve in the world and what is required to reach those ends. It would be all too easy for us as a society to become distracted from what is truly at stake in the most urgent foreign policy challenges now facing us.

The first such challenge lies with our firmness and reliability in promoting the cause of democracy, national self-determination, and individual freedom in various parts of the world. In some cases—as in the Philippines today—this will involve our continued support and assistance for the efforts of the Filipino people to strengthen democratic institutions in the face of a bitter communist insurgency and economic problems. It is in our strategic interest to do so and to do all we can to support President Aquino's government in promoting democracy, stability, and prosperity in the Philippines.

Where necessary—as in Central America—we must be prepared to assist friendly governments in dealing with externally generated threats to their political stability. We desire a peaceful and negotiated resolution to such regional tensions and will work, and do work, actively to those ends. But we should never forget that the firmness of our support for threatened democratic governments is a necessary incentive for

potential aggressors to refrain from threats and attempts at subversion.

Today, we also see the power of the idea of freedom calling into question the old assumption of the inevitable permanence of dictatorships of the left in various countries. Soviet-sponsored aggression in Afghanistan, Angola, and Cambodia, and the oppression of a Marxist-Leninist regime in Nicaragua, have given rise to resistance movements. These men and women are struggling for the rights denied them by communist rule. And, as such, they deserve our support.

We should be under no illusions. Over the longer term, our reliability in supporting those who believe in freedom in the face of communist totalitarianism is an important element in securing and ensuring our own security. It encourages our friends and gives our adversaries a reason for restraint. And conversely, if we fail to support those struggling for freedom in their own countries, we will only face more daunting challenges to our security over the longer term.

The second pressing challenge is that of our response to terrorism. In recent years, we have seen new and ever more virulent forms of this modern-day barbarism. These include the emergence of narcoterrorism, where the narcotics traffickers provide the money and the terrorists provide the muscle—the use of such violence in association with narcotics trafficking to undermine local governments. Quite simply, terrorism is war. It's a shadow war involving direct and brutal assaults on the lives of our citizens, on our national interests overseas, and on our basic values.

It's vital that we win this war. But to do so, we have to be prepared for a long, tough effort. It's inevitable that, as a people, our hearts go out to the individuals directly affected by terrorism and to their families and friends here at home. But we cannot allow our sympathies to overshadow the pressing need for us to stand firm behind our principles and to deny international terrorism further leverage against us. Our foremost priority must continue to be to demonstrate, through word and action, that there are no rewards for terrorist violence. We have to see to it that the terrorists not only don't get rewards, they pay a price. We have to redouble our cooperative efforts with other nations in dealing with this scourge.

The third pressing challenge we face lies with the management of our relations with the Soviet Union. The Soviet Union poses the primary threat to our

security, yet our two countries share a basic interest in ensuring that—as the President and General Secretary Gorbachev agreed at their Geneva summit in 1985—they said, “A nuclear war cannot be won and must never be fought.”

In our dealings with the Soviet Union, we have pursued a four-part agenda of issues that are important to us, including arms control, regional conflicts, bilateral matters, and human rights. In the field of arms control, the President's discussions with General Secretary Gorbachev at Reykjavik last October revealed potential areas of agreement on substantial and verifiable mutual reductions in offensive nuclear weapons that would enhance strategic stability. We are committed to pursuing these opportunities at the negotiating table, even as we will also continue our efforts—consistent with the ABM [Anti-Ballistic Missile] Treaty—to research ways of strengthening that stability through greater reliance on defenses. Both efforts are complementary and necessary.

But this places special demands on us. We need a sustained effort that is firm, realistic, and patient. We can't afford to become either disheartened or euphoric with each week's news out of Moscow. Agreements for their own sake are of no interest. It is the content that counts. Nailing down the details of any meaningful agreement with the Soviets will take time and tough negotiating.

And for that sort of negotiating to be successful, we have to be prepared to take the necessary steps to keep America strong.

Conclusion

And so, as Americans, we have our work cut out for us. We have to use our power and our diplomacy with exceptional skill in a highly competitive international environment. But if the problems before us are great, so, too, are our strengths and our opportunities. Our political and economic freedoms are those which hold the greatest promise for the future. Our diplomacy is active in seeking practical, negotiated solutions that might strengthen the peace, and we have rebuilt our military strength so that we can better defend our interests and discourage others from violence. And we have allies with whom we share common purposes and ever more effective cooperation.

The test for us will be whether—in the conduct of our foreign policy—we continue to make the best use of our energy and creativity as a people in the service of peace and our democratic ideals. I, for one, am confident that we will meet that challenge.

¹Press release 46 of Feb. 24, 1987. Question-and-answer session following address not printed here. ■

Secretary's Interview on “This Week With David Brinkley”

Secretary Shultz was interviewed on ABC-TV's “This Week With David Brinkley” on February 8, 1987, by David Brinkley and Sam Donaldson, ABC News, and George F. Will, ABC News analyst.¹

Q. You've heard Senator [Sam] Nunn; you've heard a great many others, in fact, on this topic—the push to reinterpret the ABM [Antiballistic Missile] Treaty so as to allow an early deployment of Star Wars, SDI [Strategic Defense Initiative]. Where is this coming from and why?

A. Let me tell you, if I can take a minute, exactly what the President's position is on this. First of all, as far as early deployment is concerned, as

Secretary [of Defense Caspar] Weinberger is saying today in a taped interview on a BBC [British Broadcasting Corporation] program, it is not possible to make any such decision this year or next year, and he declines to say when that might be possible. It depends upon the progress in the work.

Second, there has been, apparently, very considerable progress. It's encouraging. The push that the President has put behind this, and Secretary Weinberger and others, seems to be paying off, and we're getting somewhere. Maybe we're going to learn how to defend ourselves against ballistic missiles, and we all ought to be thankful of that.

Third, the President's criteria for what has to be met in order to make a deployment decision remain in effect. A system, obviously, would have to be technically feasible, would have to be survivable, and would have to be cost-effective at the margin.

Now, the progress in the program is such, again as Secretary Weinberger says today, that it is now prudent to think to yourself, if these developments came along continuing as they are, we should begin to factor into our research program how you would go about deployment if you were to make such a decision. And as soon as you pose that question, there are certain obvious things that come forward which, by and large, everyone agrees on, namely, obviously, you have to do it in phases. Then you have to ask yourself, what is to be the characteristic of each phase? And one of them should be that each phase, in its stage, adds to stability. You don't want to do something in a phase that makes the situation less stable; you want it to be more stable. Second, since you're talking about an overall system, you don't want to start with phase one until you're clear and confident about where you're going. So that's where we stand, and so there isn't any early deployment decision in the offing, but the program has gone along very well.

Q. But the issue is not the deployment, is it? It's testing, that you can't answer any of the questions you've just posed without a certain test, and there's a scientific judgment at odds with the legal judgment. The scientific judgment is, you need the tests that are permitted only by a broad interpretation of the ABM Treaty of 1972. And there is a legal argument in town that that reading is incorrect.

Now, the Administration is asking billions more dollars after the billions already spent. Is the Administration position that that spending makes sense if, but only if, the broad interpretation allows testing to answer these questions?

A. No, that's not the Administration position. The program itself has been designed given the restrictions in what's called the "narrow" interpretation, and the program's made a lot of progress. But it is clear enough now, given the progress that's been made, that you'd be able to pursue the program much more effectively—and perhaps only—if a different pattern of testing is permitted.

So that raises this question which was, in a sense, the second half of your

position and/or question, so let me tell you where we stand on that: nothing incompatible with what Senator Nunn said here; namely, that there are three bodies of evidence which you have to examine, insofar as the meaning of the treaty is concerned. First and most important is the negotiating record. We've done that and we believe that it shows that a broad interpretation is entirely within the meaning of that treaty, although, of course, there are ambiguities; but we think that will come forward.

All of the material in that negotiating record has been made available to the Congress, that is, the authoritative figures, including Senator Nunn; and we will have a collaborative process of discussing that. Second, as he said, the ratification process, and what was said in the ratification process, is part of the body of evidence. That will be examined, again collaboratively, you might say.

And third, there is the question of what have been the practices in the statements to each other, in a sense the common law, under this treaty that's developed, and that, too, will be examined.

Now, let me reemphasize a point that I think you made in one of your questions that I think is extremely important. Obviously, we're interested in what was said during the ratification process here, but remember, that has absolutely no standing insofar as the Soviets are concerned. They look at the negotiating record and are entitled to.

Q. Further, it said, if I may interrupt you at this point, it said that Ambassador [Yuriy] Dubinin of the Soviet Union told you last week that if the Administration moves to implement the strict interpretation, or rather, the broad interpretation, arms control is through.

A. I read that that's what is said, but that is not, in fact, the case.

Q. What did he say to you?

A. But I'm not—let me return to the point that we were discussing, because I think it is very important to get this straight.

Q. But you raised the question of the Soviet attitude.

A. I didn't. I said that the Soviet Union is entitled to look at the negotiating record and draw conclusions from that about what the treaty says. They are not bound by what is said in our ratification process.

I want to add a point, because we have to remember we're talking about our national security and figuring out how to defend ourselves, and our allies, with whom we will consult on all these things, just as we will consult the Senate.

Q. Before a decision is made, sir, or after?

A. Before a decision is made.

Now, the reason why the examination of the negotiating record shows a possibility of a broad interpretation is that the Soviet Union has always been more defense-minded than we have; and they, in the negotiations, did not want to foreclose what we apparently did want to foreclose, namely, the possibility of new and different defensive things based on other physical principles. And we also know that they have been working much harder than we for a long period of time on strategic defense.

Q. I understand the argument you're making, which is that the record, as the State Department interprets it, allows the broad interpretation. But you also seem to be saying that the broad interpretation, although helpful to the testing, may not be critical to the testing to answer all the questions you posed at the beginning. If it's not critical, and if, as usual, the diplomatic imperative is not to rock the boat, including the critics, Congress, and the allies overseas, aren't you saying in effect that there is no particular urgency attached to your admittedly legally defensible position, and therefore, won't the broad interpretation be set aside?

A. No, I don't think it should be. At least, there is the legal question, and from the practical standpoint of what you can do, first, you can do it much more effectively if you don't have to test things all around the barn and then make gross inferences from it. You're much surer of your ground if you test something directly.

And then, no doubt, there are things that you probably couldn't test adequately under the narrow definition, which are very desirable to test. There are probably some things in addition, as Senator Nunn suggested, that may be impossible to test under either definition.

Q. There's another threat to SDI, and it's budgetary, and it can go like this. The President, in his State of the Union address, said he will veto any attempt by Congress to enact the Soviet agenda, in effect, on arms

control—banning nuclear testing, forcing the narrow compliance of ABM, banning antisatellite tests—I'm missing one, but it's in there somewhere. Anyway, what if those are attached to the defense authorization and appropriation bills? The President vetoes them; Congress doesn't have to send up another one; you get a continuing resolution, which means level funding of SDI, which is, what? 70% below what the Administration is asking? Don't the critics of SDI achieve the same thing?

A. What we have to do, representing the Administration, is present convincing arguments—and I believe there are convincing arguments—for what must be done to safeguard the national security of the United States and our allies, and work collaboratively, carefully, and thoroughly with the Congress, as we fully intend to do, for instance on this question we were discussing a few minutes ago. We do that in the expectation that the national interests of the United States will emerge and be reflected in the policies that come out of that kind of discussion and debate.

Q. I'd like to change the subject. Alann Steen, one of the U.S. hostages being held in Lebanon, has shown up on a videotape saying he and two other Americans will be killed by his captors within 24 hours unless Israel releases some 400 Shi'ite prisoners that it holds. I understand that Israel has said it will not do that.

A. We'll respond as the situation merits. I'm not going to try to forecast it, but we do have a clear and basically good set of policies on terrorism, and the tactical implementation of them has been broadly succeeding—

Q. Do you think this threat is a realistic one?

A. —and I think that we're getting somewhere.

Q. Do you believe this threat, or do you think it's some gambit that the kidnappers are taking?

A. I don't have any way of knowing. They always issue threats like that. But one thing I think you just can't do is start jumping whenever threats are made.

Q. If they killed three Americans—if they killed one American—we're still in that same quandary, are we not? We have to know, if it's military action, who to hit, and we have to know whether we're going to kill a bunch of innocent people.

You once said, in a famous speech, that it might have to be that some civilians would die in a military operation—if there were a broader objective that was more important. Do you still feel that way?

A. I don't know that I put it quite that way, but I do think that the people of Beirut have to recognize that what they're doing is ruining themselves. They, in effect, have a plague there; and they're isolating themselves from the world; and the world should isolate them; and they should take control of the situation. It is absolutely not in their interest.

Q. It's not the people of Beirut, it's a few.

A. Yes, the people of Beirut have a responsibility for their own community, and they're not exercising it.

Q. There was an attempt to organize this past week, in Rome, a conference, an international conference on this problem, and how the developed countries might deal with it. Our European allies decided this is a bad time to have it, and it wasn't held.

A. It was to be a meeting of experts, and they, two of them didn't want to have it for different reasons. But we have a vast amount of contact.

Let me just call your attention to some positive things in this field. First of all, it's been a pretty good week or so for the rule of law involving terrorism. Hamadei and his brother have been detained by the Germans.

Q. But not extradited.

A. We have found and gotten extradited from Colombia one of the leading drug traffickers. The Philippines, a year after Mrs. Aquino came into office, had a huge turnout and voted a new constitution. Gerry Seib was released through a successful, quiet effort. There are other things I could tick off.

One of the interesting things about 1986 is that international terrorism in Europe was down by 40%. That doesn't mean it's satisfactory, but it's down. So the efforts are proceeding, and they proceed on an international and consultative basis.

And there's a question you're not asking me—

Q. What is that?

A. —which is, which presents me, in all seriousness, with the biggest foreign policy problem that I have, and the

President has, and that is the inadequacy of the resources that the Congress is making available to us to conduct our international affairs. It's been cut drastically.

Q. Foreign aid, are you talking about?

A. It involves our security and assistance to countries where we have bases. It's for the security of the United States. It involves things that will help make the world economy more healthy, so it involves the prosperity of the United States. It involves support for a very gratifying trend toward freedom and democracy, so it involves our deepest values; it involves the fight against terrorism, the fight against drug trafficking—all these things in the interest of the United States—and we're being cut, cut, cut—and it's not in the interest of the United States, and I hope the Congress appropriates what the President has requested.

Q. Please consider that question was asked.

Q. But isn't that applied Reaganism? I mean, the Reagan Administration wanted tax cuts. Now, it says, cut these horrendous deficits, but do it by cutting the budget without raising taxes, and you force Congress to choose between domestic spending and foreign aid, and you're surprised at the choice they make?

A. The President has presented a budget that, as any budget, states priorities. This budget is over one trillion dollars. We're talking about two cents on the dollar, to serve the interests of the United States in our security, our prosperity, and our values around the world.

Q. Are you talking about improving embassies for the safety of the staff against bombs and so on?

A. That's one thing.

Q. That's one item.

A. That's an item. It's one among many. I'm talking about the war of ideas. There has been a big effort to improve our effectiveness there.

Q. Can I ask you about Seib? You said he was released through our efforts, or through efforts.

A. He was released, and I'm not going to talk about it.

Q. Can you guarantee us that we didn't make a deal with Iran to release him?

A. Yes.

Q. And you know that you speak for the Administration?

A. Absolutely.

Q. Can you tell us if Terry Waite [personal envoy of the Archbishop of Canterbury] is, as he's described, a negotiator? For whom and with what does he negotiate? And does he have any connection with any American plan, purpose, or institution?

A. He doesn't have a connection with an American institution or government. Of course, we're interested in any efforts that somebody can make to free the hostages.

Q. What's he negotiating with?

A. I don't know. He's a representative of the Church of England.

¹Press release 33 of Feb 9, 1987. ■

Pursuing an Effective Foreign Policy

Secretary Shultz's statement before the Senate Armed Services Committee on February 3, 1987.¹

I welcome this opportunity to meet with you to discuss the role the United States seeks to play in the world and our strategy for achieving the nation's basic foreign policy objectives. Overall, our foreign affairs situation is good and our prospects bright. We have a strong hand with which to influence world affairs to our benefit—if only we are persistent, use our advantages wisely, and apply the necessary resources to the conduct of our foreign relations.

Today, I want to review with you just where we are and where we're going, the problems we face and the strengths we have for dealing with them, and finally, the challenges that we should be focusing on right now.

Much of what I will have to say may not sound very new to you, and for good reason. This Administration did not suddenly discover national security strategy in preparing for these hearings. We have a strong and broadly based bipartisan foundation on which to build—and much of which we inherited—and for the past 6 years we have been following a steady and consistent approach in our efforts to advance U.S. interests, to support the cause of freedom, and to make the world a safer place.

In the field of foreign affairs, I have laid out the rationale and the specifics of our policies on many occasions—in testimony here before the Congress, most particularly in the Senate, before the Senate Foreign Relations Committee, and in a series of speeches over the past few years at Rand, at Harvard, in San Francisco, at the University of Chicago, in Atlanta, and elsewhere. So this afternoon should not be seen as an

occasion for breaking dramatic new ground but rather for reviewing and reaffirming the essentials of our national strategy.

America's Foreign Policy Goals

We begin with the question of the goals of our foreign policy. What are we, as a people and a nation, seeking to accomplish?

There is a strong national consensus on our basic objectives. They are widely understood and supported by the American people. I think all of us can agree that we serve the interests of the United States when we seek to:

- Protect the safety of our nation against aggression or subversion;
- Promote our domestic prosperity;
- Foster the values of freedom and democracy both at home and abroad;
- Act in a manner consistent with our humanitarian instincts; and
- Combat those activities which would undermine the rule of law and our domestic stability—and, particularly right now, terrorism and narcotics trafficking.

Over the past four decades, both Republican and Democratic administrations have come to agree on these goals, but they're not the source of divisive partisan debate. But for that very reason, we sometimes take them for granted. We shouldn't. We should keep reminding ourselves of them, for they represent, in effect, the compass of our dealings with other nations.

Foreign Policy Problems

How are we doing in accomplishing these broad objectives? Clearly, we face a number of serious and immediate challenges in the world today—ones that directly affect our national interests. In

the Middle East, in Africa, and elsewhere, persistent tensions threaten regional peace and stability. The continuation of conflict in the Persian Gulf raises the possibility of wider escalation of a war that threatens our energy security and that of our allies. In Central America, democracies are struggling to eliminate externally supported aggression and subversion. In Afghanistan, Angola, and Indochina, the Soviet Union and its proxies are using military force in the most brutal manner to maintain and expand their influence and control.

Elsewhere in the developing world, the efforts of local governments to address the root causes of their economic and social malaise have been hampered by large foreign debt and disappointing growth rates. The transition to greater political freedom in many of these countries continues to be a fragile process. In the current tragedy of Sri Lanka, for example, movement toward stability and growth on a basis of economic freedom has been undermined by violence arising out of longstanding communal grievances.

Current events in Beirut yet again illustrate that no single country or its citizens are exempt from the scourge of terrorism. Combatting that threat will continue to demand steadfast courage and expanded cooperation on the part of all civilized nations.

And among the major industrialized democracies of the world, we confront persistent pressures for thinly disguised protectionist measures. These shortsighted actions would only stimulate political confrontations among trading partners and have the effect of dismantling the open world trading system which has helped to generate so much of the West's prosperity and technological advantage of the past four decades.

Positive Trends in Our Favor

More than balancing those various problems, however, is the increasingly clear evidence that we are making significant progress in the world and that trends are in our favor. For all its fragility, the movement toward expanded political and economic freedom is real and growing.

The world is already in the midst of a new scientific and technological revolution—one whose social, economic, political, and strategic consequences are only beginning to be felt. Time and space are contracting as instantaneous communications make business, politics, and culture truly global for the first time.

Familiar measures of economic development—and, by extension, military and political strength—are becoming outdated. This new Information Age is bound to have, and already has had, a profound impact on world politics and economics.

All of which seems to confirm that this new Information Age has the potential to be *our* age—a period which plays to the greatest strengths of the West. The productivity and competitiveness of a nation will be far more dependent on how freely knowledge can be used and shared. And unlike oil or mineral wealth, knowledge is a resource which does not diminish but rather increases with its use. In this sort of environment, open societies such as our own will thrive; closed societies will fall behind. What is more, this lesson—that freedom and openness are the wellspring of such technological creativity and economic dynamism—is increasingly well understood throughout the world.

Recent events in the Philippines have once again demonstrated the persistent power of the democratic idea. Throughout Latin America, we have seen a remarkable resurgence of democratic governments. Contrary to the expectations and predictions of so many just a few years ago, the percentage of Latin America's population living under freely elected governments has grown from 30% in 1976 to more than 90% today. And in witnessing these events, we cannot be indifferent to just how positive and important a role the United States can play in supporting such hopeful developments.

At the same time, there is an equally encouraging trend on the part of many nations away from central planning toward greater economic freedom for the individual and increased reliance on free market-oriented solutions to the problems of economic growth. Few countries around the world now dispute that entrepreneurial initiative in a market environment is the engine of development and growth. These truths are now being acknowledged even in the communist world, as demonstrated by economic reforms in China and Hungary.

All of this reflects the reality that the great ideological struggle that has marked this century ever since the Bolshevik revolution of 1917 has essentially been decided. In the contest between the Western values of democracy and individual freedoms and Soviet-style, party-dominated centralized collectivism, the trend in our favor is

clear. In contrast with earlier decades, no one speaks today of communism as the wave of the future. The battle of ideas will doubtless continue, but we have the winning hand.

As a consequence, it is the Soviet Union's massive military establishment alone—and not any inherent economic advantage or political appeal—that underlies its status as a global competitor. The Soviet Union poses a clear and sobering strategic threat to the United States and its allies. It has the capability to intervene with conventional military force, directly or through proxies, in many regions of the world and to threaten and try to intimidate our allies and friends in these areas. It commands a nuclear arsenal—and, in particular, an offensive ballistic missile force—able to inflict massive destruction on the United States and our allies.

We must be prepared to counter these threats. We must be prepared to deter Soviet aggression against the United States or its allies by whatever means. We must have the defensive strength necessary to deter the Soviet threat by clearly demonstrating that we and our allies would be able to respond instantly, and with enormous effectiveness, should we be attacked.

Why Our Approach Has Worked

As a nation, we have the ability to meet these challenges and to capitalize on the foreign affairs opportunities before us. To do so, we must have patience and determination, but we also have powerful strengths and advantages in our favor.

The first is our democratic vision and our commitment to give reality to our ideals. The effectiveness of our foreign policy will reflect our confidence in our beliefs and values and in our purposes and priorities as a society. Our tradition of pluralism and openness shapes the content of much of our foreign policy. We support democratic institutions in the world, for free peoples can join together in resisting threats and intimidation from nondemocratic forces.

Traditionally, people throughout the world have regarded America as a land of opportunity and looked to us for a vision of the future. They know that American society has its faults, in part because we ourselves are always ready to proclaim them. We are never afraid of criticism, and we tend to measure our performance through our proclamations. Throughout our history, so many individual Americans have worked

tirelessly to extend the promise of our beliefs to everyone, regardless of race, creed, or class. Recently, our nation paid tribute to one such American, Dr. Martin Luther King, Jr. Dr. King's legacy and the epic poem of the black civil rights movement have made America much stronger in the world: stronger in our own sense of solidarity as one people and stronger as a precious source of hope—realistic hope—for oppressed people everywhere.

And we gain strength from our tremendous economic capabilities. Here again, we are perhaps too familiar with our own economic success story or preoccupied with problems of the moment to sense our true power and potential. But America's economic capacity—its ability to support ambitious national objectives, to advance the edge of technological creativity, and to support increased domestic prosperity—can only be described as awesome. And right now, interestingly enough, the so-called misery index—you remember that Art Okun created that some years ago—is at its lowest point in 18 years.

There is, of course, an irony here. Our national economy is enormous and sound—over twice the size of any other. But the government is broke. The Federal budget deficit is a major problem for us; it affects our ability to grow and to compete. It is a drag on all of our efforts, and we must address it promptly and effectively. I'm confident that we can. And by doing so, we will be better able to draw upon the powerful economic advantages that we possess in the pursuit of our foreign policy objectives.

And now, we are benefiting from a renewed sense of hard-headed realism about the importance of our own military strength. A healthy American defense establishment serves as the indispensable underpinning for any foreign policy seeking a safer world and a more durable peace. Our weakness invites challenges; our strength deters aggression and encourages restraint and negotiation on the part of our adversaries.

We are already seeing the positive results of that renewed realism. The rebuilding of America's defenses in the early 1980s has given the Soviets the necessary incentive to begin serious negotiations, not just on limits to the future growth of our nuclear arsenals but on their substantial reduction from current levels. Improvements in our ability to project power abroad have helped us protect our vital interests and

defend our friends against subversion and aggression. And our willingness to use that power when necessary—as against Libya, as a last resort after years of Qadhafi's terrorism—has sent a powerful signal to friends and enemies alike.

But we face entirely new challenges to American interests as well, and in today's world these are often less clear cut than the traditional examples of aggression we associate with World Wars I and II. And so we require not only the military capabilities but also the patience and the flexibility necessary to deal with protracted armed subversion, state-sponsored terrorism, or the political disruption and violence associated with large-scale narcotics trafficking. These new threats are sometimes referred to as "low-intensity conflict." I don't particularly like that term. There is nothing "low intensity" about them for those who must join the battle, and the stakes of these challenges to our security are high.

If the United States is to be effective in addressing these threats—as well as in deterring military aggression—we have to be steady in supporting our commitments and ready to act decisively when necessary. Our military must have the capabilities to perform a variety of missions across the spectrum of security challenges. But just as importantly, we have to show the political will needed to use our military strength intelligently and effectively in defense of our most vital interests. And we have to be clearly perceived by both friends and adversaries as having that will.

Now let me turn to our diplomatic efforts. Americans have sometimes tended to think that power and diplomacy are two distinct and conflicting alternatives in our dealings abroad. But power and diplomacy are not contradictory. They are complementary; both are necessary and reinforcing components of our foreign policy. Military preparedness alone is not enough. Power must always be guided by purpose; and, quite often, diplomacy is an essential and cost-effective means of accomplishing our objectives. But diplomacy that is not backed up by strength is usually ineffective.

As a nation, we learned from bitter experience during the first half of this century that we can retreat from the rest of the world only at our peril. Today, we can see with even greater clarity that what happens in distant regions of the globe has an important bearing on our safety and well-being.

And so, as a first resort, we seek to meet our objectives with diplomacy without having to use military force. Successful diplomacy encourages like-minded nations to join with us in common effort, and it brings a greater sense of predictability and stability to our relations with potential adversaries.

The United States could attempt to deal with the diverse threats to our interests on a unilateral basis, but that would demand great effort and enormous expense on our part. There is a more efficient strategic alternative, as we have agreed upon as a nation for more than four decades. Our diplomacy—along with its various tools, such as security assistance and economic support funding—seeks to maximize our effectiveness in the world through cooperation with those nations with whom we share basic values and common interests. But to conduct an effective diplomacy and to make best use of all of our advantages require that we sustain our efforts.

The Foreign Affairs Resource Crisis

This afternoon, I have spoken about America's winning hand in world affairs because I am personally confident about our national strengths and the wisdom of our general approach. But I also have to sound a warning note as well. Just as we should be consolidating our recent gains and building on important opportunities, we are in danger of undercutting our position in the world by denying ourselves the necessary resources. Any strategy is only as good as the tools provided to work toward its objectives. And we are fast approaching a situation in which the United States will simply not have the foreign policy tools needed to get the job done.

Earlier this month, the President submitted the Administration's FY 1988 and FY 1987 supplemental requests to the Congress for the foreign affairs budget. Responding to congressional concerns, our FY 1988 budget request was lower than that requested for FY 1987—and, I might say, lower than that appropriated for fiscal 1985 or 1986. Our total request amounted to less than two cents of every dollar proposed to be spent by the Federal government.

I am dismayed that over the past 2 years, Congress has made devastating cuts in our foreign affairs budget proposals. Last January, our international affairs budget for FY 1987 was cut by

Congress by over 20%, reducing our operating base by \$1.8 billion. After accommodating earmarked items which had to be funded, the effective reduction for the bulk of our operations was more on the order of 50%. And that was on top of the \$1.5 billion cut from prior year levels that we suffered in the FY 1986 congressional appropriations process.

Over the last 2 years, we lost over \$3.3 billion from the resources we were operating with in FY 1985. These cuts were more severe, in percentage terms, than the reductions in any other function in the President's budget requests. And for our posts in Europe and Japan, these cuts have been even more damaging as a result of the recent huge changes in currency cross rates. Just call up your friend Mike Mansfield [U.S. Ambassador to Japan] and ask him how he's doing taking those dollars you appropriate, changing them into yen, and trying to run his embassy.

Let me be blunt: these draconian budget reductions are forcing us to play Russian roulette as we shortchange our various foreign policy interests. If these massive cuts are continued this year, they will directly threaten our ability to exercise effective leadership in the world. This budget crisis is perhaps the most urgent—and least recognized—foreign policy challenge facing our nation today.

Challenges Before Us

The pursuit of an effective foreign policy—one that seeks meaningful progress toward our basic goals—doesn't lend itself to quick fixes. Americans have to be prepared to conduct foreign relations on a coherent, long-term basis. That requires a special steadiness and persistence on our part. A world of peace and security will not come without considerable exertion or without our facing up to some tough choices.

In particular, we cannot allow ourselves to lose our sense of focus on what we are seeking to achieve in the world and what is required to reach those ends. It would be all too easy for us as a society to become distracted from what is truly important and at stake in the most urgent foreign policy challenges now facing us.

The first such challenge lies in how we continue to support the cause of democracy and freedom in Central America. As a nation, we have long sought to advance national self-determination and individual freedom in the world. And today, we see the power

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of the idea of freedom calling into question the old assumption of the inevitable permanence of dictatorships of the left or right in various countries. Not just in Nicaragua but in Afghanistan, Angola, and Cambodia as well, Marxist-Leninist oppression and aggression have given rise to resistance movements. These men and women are struggling for the rights denied them by communist rule. And as such, they deserve our support.

We should be under no illusions in this regard. Over the longer term our reliability in supporting those who believe in freedom in the face of communist totalitarianism is an important element in ensuring our own security. It encourages our friends and gives our adversaries a reason for restraint. And conversely, if we fail to support those struggling for freedom in their own country, we will only face more daunting challenges to our own security.

The second pressing challenge is that of our response to terrorism. In recent years, we have seen new and ever more virulent forms of this modern-day barbarism. These include the emergence of narcoterrorism—the use of such violence in association with narcotics trafficking to undermine local governments. The narcotic traffickers provide the money, and the terrorists provide the muscle, and they work together; and they are an extremely subversive element, and that's particularly so right in our own neighborhood, in the Andean countries, for example. Quite simply, terrorism is war. It's a shadow war involving direct and brutal assaults on the lives of our citizens, on our national interests overseas, and on our basic values.

It's vital that we win this war. But to do so, we have to be prepared for a long, tough effort. It's inevitable that, as a people, our hearts go out to the individuals directly affected by terrorism and to their families and friends here at home. But we cannot allow our sympathies to overshadow the pressing need for us to stand firm behind our principles and to deny international terrorism further leverage against us. Our foremost priority must continue to be to demonstrate through word and action that there are no rewards for terrorist violence. We have to redouble our cooperative efforts with other nations in dealing with this scourge.

The third pressing challenge we face lies with the management of our relations with the Soviet Union. The Soviet Union poses the primary threat to our security, yet our two countries share a

basic interest in ensuring that—as the President and General Secretary Gorbachev agreed at their Geneva summit in 1985, quoting from their statement: “A nuclear war can never be won and must never be fought.”

In our dealings with the Soviet Union, we have pursued a four-part agenda of issues that are important to us, including arms control, regional conflicts, bilateral matters, and human rights. In the field of arms control, the President's discussions with General Secretary Gorbachev at Reykjavik last October revealed potential areas of agreement on substantial and verifiable mutual reductions in offensive nuclear weapons that would enhance strategic stability. We are committed to pursuing these opportunities at the negotiating table, even as we will also continue our efforts—consistent with the ABM [Anti-Ballistic Missile] Treaty—to research ways of strengthening that stability through greater reliance on defense.

But this places special demands on us. We need a sustained effort that is firm, realistic, and patient. We can't afford to become either disheartened or euphoric with each week's propaganda effort out of Moscow. Agreements for their own sake are of no interest. It is the content that counts. Our negotiating objective of strengthening strategic stability at substantially reduced levels of nuclear arms is a sound one, and we

must stick to it. Our guiding objective continues to be to persuade the Soviet leadership—through the evidence of our own determination—that excessive military buildups on their part will offer no easy rewards and that negotiated restraint and reciprocity will be to our mutual advantage.

Conclusion

We have our work cut out for us. We have to use our power and our diplomacy with exceptional skill and determination in the service of peace and our democratic ideals. But if the problems before us are great, so, too, are our strengths and opportunities. Our political and economic freedoms are those which hold the greatest promise for the future. We have a diplomacy that has moved toward peace through negotiation. We have rebuilt our military strength so that we can defend our interests and discourage others from violence. And we have allies with whom we share common purposes and ever more effective cooperation. Our challenge is to use our strengths wisely on behalf of the interests of the American people.

¹Press release 25. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Visit of Zaire's President



(White House photo by Pete Souza)

President Mobutu Sese Seko of the Republic of Zaire made an official working visit to Washington, D.C., December 6-12, 1986, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and President Mobutu after their meeting on December 9.¹

President Reagan

President Mobutu and I have had the opportunity to review and renew one of our oldest and most solid friendships in Africa, that between the United States and the Republic of Zaire. Cooperation between the United States and Zaire under President Mobutu's leadership stretches back through 20 years and five U.S. Administrations. In that time, American leaders have learned to place a particularly high value on President Mobutu's insights and counsel.

President Mobutu has brought a consistent voice of good sense and good will to the international councils where African issues are considered, from the United Nations to the Organization of African Unity to the Nonaligned Movement. He has stood uniformly for the peaceful settlement of disputes but has not shrunk from his responsibilities when action was appropriate. In 1983, for example, he dispatched troops to assist Chad in defending itself against Libya's criminal aggression. This year he came to the assistance of the Government of Togo as it faced an externally mounted coup attempt.

Much of our discussion today focused on Zaire's heroic effort to complete its program of economic policy reform. As you know, Zaire has been engaged for nearly 4 years in a series of painful sacrifices and adjustments designed to rationalize and revive its private sector. We have tried to help by supplementing our regular development assistance with special funds earmarked for African

states which are undertaking serious steps toward reform. We've also encouraged our business community to look at the growing investment opportunities in Zaire and will continue to do so.

Unfortunately, Zaire's determined economic efforts have been greatly complicated by the severe drop in world market prices for its exports. President Mobutu and his people face a heavy foreign debt burden. We have encouraged Zaire to hold firm to the responsible, economic reforms it is attempting, while promising to do our best to ease the way.

Naturally, President Mobutu and I also examined the regional situation, especially in southern Africa, where we share the goals of a rapid, peaceful end to apartheid; the independence of Namibia; and national reconciliation and removal of all foreign forces stationed in Angola. President Mobutu brings great prestige and influence to bear on the range of southern African problems, and I welcome his recent efforts in seeking solutions to these issues.

After today's meeting, we can be more confident that the future of U.S.-Zairian relations will remain close, prosperous, and productive. President Mobutu and his country's friendship with the United States is most appreciated. And we're proud and pleased to have him with us here today.

President Mobutu²

On behalf of my wife and of my entire delegation, I should like to thank you most sincerely for your warm and friendly welcome as extended to us by you, personally, and by members of your Cabinet ever since we arrived here in Washington. Together we have surveyed all issues that relate to the bilateral relationship of our two countries, and I go home in full awareness that I have the full support of your government and can assure the people of Zaire that they can count on you and on your government.

Again, Mr. President, thank you very much for all that has been done to facilitate our stay.

¹Made in the Rose Garden at the White House (text from Weekly Compilation of Presidential Documents of Dec. 15, 1986).

²President Mobutu spoke in French, and his remarks were translated by an interpreter. ■

U.S. Arms Control Initiatives

In conjunction with the ongoing nuclear and space talks in Geneva between the United States and the Soviet Union, the White House and the Department of State released on January 13, 1987, the following summary of U.S. initiatives on various arms control issues and a chronology of U.S.-Soviet arms control negotiations and expert-level meetings (1986).

Strategic Offensive Forces

During their October meetings at Reykjavik, President Reagan and General Secretary Gorbachev agreed in principle on 50% reductions of strategic offensive arms over 5 years to 1,600 strategic nuclear delivery vehicles and 6,000 warheads on those delivery vehicles. The two sides made important advances in rules for counting bombers and reached agreement in principle on the requirement for "significant cuts" in Soviet heavy ICBMs, the most destabilizing missiles of all.

Our negotiators in Geneva promptly tabled a new U.S. START proposal reflecting the areas of agreement reached at Reykjavik. On November 7, the Soviet Union took some new steps as well by tabling proposals that partially reflect the headway made at Reykjavik. It is our hope that these areas of agreement can serve as the starting point from which U.S. and Soviet negotiators can hammer out significant arms reduction treaties.

Acronyms

ABM Treaty—Antiballistic Missile Treaty
ASAT—antisatellite system
CBMs—confidence-building measures
CD—Conference on Disarmament
CDE—Conference on Confidence- and Security-Building Measures and Disarmament in Europe
CW—chemical weapons
ICBM—intercontinental ballistic missile
INF—intermediate-range nuclear forces
LRINF—longer range INF
MBFR—mutual and balanced force reductions
NST—nuclear and space talks
PNET—Peaceful Nuclear Explosions Treaty
SDI—Strategic Defense Initiative
START—strategic arms reduction talks
TTBT—Threshold Test Ban Treaty

Unfortunately, the Soviets continue to link agreement in START to U.S. agreement to the Soviet defense and space proposal, which would effectively kill the U.S. Strategic Defense Initiative. This is unacceptable and is contrary to the commitment made by Mr. Gorbachev in November 1985 in Geneva to move forward in areas of common ground, including the idea of 50% reductions in strategic offensive arms. The Soviets also precondition their agreement on 50% reductions in strategic arms to U.S. agreement in principle to total elimination of all strategic offensive weapons by 1996. This, too, is unacceptable; for the present, given the massive Soviet investment in conventional forces, nuclear weapons are indispensable to the security of the United States and our allies.

In early December, negotiators from both sides met for between-round discussions in Geneva. While there was no narrowing of differences, we believe that these talks did contribute to our preparations for the next round in that they made limited but useful progress in terms of clarifying points of agreement and disagreement. For the current round of NST, which begins on January 15, our task is to build upon the accomplishments achieved in Reykjavik and the proposals tabled in Geneva during the last round of NST.

Intermediate-Range Nuclear Forces

At Reykjavik there was significant progress in narrowing differences on intermediate-range nuclear forces. The United States and the Soviet Union agreed in principle at Reykjavik to a global limit of 100 LRINF missile warheads for each side, with none in Europe. Remaining missiles would be deployed in Soviet Asia and on U.S. territory. The Soviets dropped their longstanding insistence that British and French nuclear weapons be included in such an agreement. Both sides also agreed in principle to constrain shorter range INF systems and to hold follow-on negotiations at Geneva for their reduction. Following the Reykjavik meeting, our negotiators in Geneva promptly tabled a new U.S. proposal incorporating the areas of agreement in principle and other elements which would be necessary to achieve an acceptable INF

agreement. While the Soviets subsequently tabled a new proposal based on their version of the events of Reykjavik, they have stepped backward from much of the progress made at that meeting. Additionally, the Soviets have backed away from their Geneva summit commitment to conclude a separate interim agreement on INF. They are now trying to link INF to other arms control areas, insisting that their arms control proposals are a "package" and cannot be separated.

Defense and Space Issues

At Reykjavik, in response to the Soviet proposal that we provide a 10-year commitment not to withdraw from the ABM Treaty, the United States offered to accept such a commitment for the 10-year period through 1996, during which research, development, and testing, which are permitted by the ABM Treaty, would continue. U.S. acceptance was coupled with:

- A 50% reduction in strategic offensive forces of the United States and the Soviet Union by 1991;
- Elimination by 1996 of all U.S. and Soviet offensive ballistic missiles; and
- Agreement that either side could deploy advanced strategic defenses after 1996, unless the sides agree otherwise.

The Soviets, however, in effect sought to amend the ABM Treaty by banning testing of space-based "elements" of a missile defense system outside of laboratories. This, in effect, would have killed the U.S. SDI program—something the President could not accept.

Previously, the United States also proposed an open laboratories initiative—a confidence-building program of reciprocal briefings and site visits to strategic defense facilities.

In regard to ASAT, the United States has not identified any limitation proposals which are effectively verifiable and in the security interests of the United States. We have offered to consider proposals for specific ASAT arms control measures, should those measures be compatible with U.S. national security.

Chemical Weapons

In April 1984, the United States proposed to the 40-nation Conference on Disarmament in Geneva a comprehensive treaty banning development,

production, use, transfer, and stockpiling of chemical weapons, to be verified by various means, including mandatory onsite challenge inspection. At the November 1985 summit, President Reagan and General Secretary Gorbachev agreed to intensify bilateral discussions on all aspects of the comprehensive chemical weapons ban being negotiated at the CD. In 1986, we had four rounds of bilateral CW treaty talks, and a fifth round is planned for February 1987.

The bilateral treaty discussions have narrowed differences on the elimination of CW production facilities and on chemicals to be covered by an eventual CW treaty. However, important differences remain on these and a number of other key issues, especially those regarding verification of treaty compliance. To ensure compliance, the United States calls for systematic onsite inspection to verify compliance at declared sites and mandatory "challenge inspections" to investigate suspected violations. The Soviets have traditionally insisted that acceptance of challenge inspection be voluntary. Although they recently indicated that stricter procedures could apply to certain challenges, they have yet to explain fully how these would work.

In addition, we have opened a dialogue with the Soviets on preventing the proliferation of chemical weapons. In these meetings, we reviewed export controls and political steps to limit the spread of chemical weapons.

Nuclear Testing

The U.S. priority in the nuclear testing area is improvement of the verification provisions of the existing Threshold Test Ban Treaty and Peaceful Nuclear Explosions Treaty. At the Reykjavik meetings between President Reagan and General Secretary Gorbachev, we proposed that the United States and the Soviet Union begin negotiations on nuclear testing. The agenda for these negotiations would first be to resolve remaining verification issues associated with the TTBT and PNET. Once these verification concerns have been satisfied and the treaties ratified, the United States and U.S.S.R. would immediately engage in negotiations on ways to implement a step-by-step parallel program—in association with a program to reduce and ultimately eliminate all nuclear weapons—of limiting and ultimately ending nuclear testing.

Chronology

U.S.-SOVIET ARMS CONTROL NEGOTIATIONS, 1986

Nuclear and Space Talks

Round IV: January 16–March 4

Round V: May 8–June 26

Round VI: September 18–November 13

Conference on Confidence- and Security-Building Measures and Disarmament in Europe (Multilateral)

Round IX: January 28–March 15

Round X: April 15–May 23

Round XI: June 10–July 18

Round XII: August 19–September 19

Conference on Disarmament (Multilateral)

Chemical Weapons Committee Rump Session: January 13–31

Spring Session: February 4–April 25

Summer Session: June 10–August 29

Chemical Weapons Committee Chairman's Consultations: November 24–December 17

Mutual and Balanced Force Reductions (Multilateral)

Round 38: January 30–March 20

Round 39: May 15–July 3

Round 40: September 25–December 4

U.S.-SOVIET ARMS CONTROL EXPERT-LEVEL MEETINGS, 1986

Nuclear and Space Talks

August 11–12 in Moscow

September 5–6 in Washington

December 2–5 in Geneva at the negotiator level

Mutual and Balanced Force Reductions Talks

August 6–7 in Moscow

September 10–11 in Washington

Conference on Confidence- and Security-Building Measures and Disarmament in Europe

August 14–15 in Stockholm

Chemical Weapons Treaty Talks

January 28–February 3 in Geneva

April 15–25 in Geneva

July 1–18 in Geneva

October 28–November 18 in New York City

Chemical Weapons Nonproliferation Discussions

March 5–6 in Bern

September 4–5 in Bern

Nuclear Testing

July 25–August 1 in Geneva

September 4–18 in Geneva

November 13–25 in Geneva

Nuclear Risk Reduction Centers

May 5–6 in Geneva

August 25 in Geneva

Nonproliferation Talks

December 15–18 in Washington

While there are indications that the Soviets might agree to address our concerns, there has yet been no agreement on priorities in these negotiations. At subsequent sessions of expert-level discussions on nuclear testing, the Soviet delegation backed away from an orderly

step-by-step approach to negotiations. We hope to resume these sessions this spring.

The President also indicated to Mr. Gorbachev in Iceland that when the 100th Congress convened, he would request the advice and consent of the

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Senate to ratification of the TTBT and PNET, but with an appropriate reservation to the treaties that would ensure that they not take effect until he certifies they are effectively verifiable. As promised, the President forwarded that request to the Senate on January 13.

Conference on Confidence- and Security-Building Measures and Disarmament in Europe

The 35-nation Stockholm CDE conference adjourned September 22 with the adoption of a set of concrete measures designed to increase openness and predictability of military activities in Europe. These measures, which are built around NATO proposals, provide for prior notification of all military activities above a threshold of 13,000 troops or 300 tanks, observation of military activities above a threshold of 17,000 troops, and annual forecasts of upcoming military activities. The accord also contains provisions for onsite air and ground inspections for verification. Although modest in scope, these provisions are the first time the Soviet Union has agreed to inspection on its own territory for verification of an international security accord.

Bilateral Confidence-Building Measures

The U.S. proposal for measures to upgrade Hot Line communications was agreed to by the Soviet Union and is now being implemented. A U.S. proposal to establish nuclear risk reduction centers is now being considered by the Soviet Union. CBM initiatives on military-to-military exchanges and on notifications of ballistic missile launches and strategic military exercises have also been proposed by the United States.

Mutual and Balanced Force Reductions

On December 5, 1985, NATO proposed a new initiative designed to meet Eastern concerns. The proposal deferred the Western demand for prior data agreement on Eastern forces. The Soviets had claimed that this Western demand was the primary roadblock to agreement. The proposal also called for a time-limited, first phase withdrawal of 5,000 U.S. and 11,500 Soviet troops, followed by a 3-year, no-increase commitment by all parties with forces in the zone, during which residual force levels would be verified. Residual force levels would be verified through national technical means, agreed entry/exit points, and by 30 annual onsite inspections. Thus far, the Soviets have not responded constructively to the Western initiative.

NATO High-Level Task Force on Conventional Arms Control

The task force presented its report on the direction of NATO's arms control

policy for the future to the North Atlantic Council on December 11. At that meeting, NATO ministers announced their acceptance of the "Brussels declaration," which states NATO's readiness to enter into new negotiations with the Warsaw Pact aimed at establishing a "verifiable, comprehensive and stable balance of conventional forces at lower levels" in the whole of Europe from the Atlantic to the Urals. NATO hopes to begin discussions early in 1987 to develop a mandate for new negotiations. The Brussels declaration also calls for separate negotiations to build up and expand the results of the CDE.

Nuclear Nonproliferation Treaty

On December 15-18, the United States and the Soviet Union met in Washington for the eighth round in an ongoing series of consultations, which began in December 1982, on nuclear nonproliferation. These consultations covered a wide range of issues, including prospects for strengthening the international nonproliferation regime, support for the Nuclear Nonproliferation Treaty, and the mutual desire of the United States and the U.S.S.R. to strengthen the International Atomic Energy Agency. These consultations are not negotiations but, rather, discussions to review various issues of common concern. The United States and the Soviet Union share a strong interest in preventing the dangerous spread of nuclear weapons and have agreed to use these consultations as a forum for discussion and exchange of views. ■

Korean Politics in Transition

by Gaston J. Sigur, Jr.

Address before the U.S.-Korea Society in New York City on February 6, 1987. Mr. Sigur is Assistant Secretary for East Asian and Pacific Affairs.

I'm delighted to be here with you today. I've been looking forward to meeting with the U.S.-Korea Society for several months. With scheduling the way it is in our bureau, it often is easier to get to Seoul than to New York. I've had the opportunity to visit the Republic of Korea frequently over the past several years, most recently last November, when I talked with President Chun, Prime Minister Lho, Foreign Minister Choi, and DJP [Democratic Justice Party] leader Rho, as well as NKDP [New Korea Democratic Party] leader Lee and other opposition party leaders. These visits have provided useful insight into the complex political process evolving there, a process which will influence the security and general well-being of the Korean people for generations to come.

Next month, I expect to return to Seoul with the Secretary of State for a brief visit following our mission to China. It will be a good opportunity to gain, first hand, an update on political and security conditions. In the meantime, I want to take this opportunity today to share with you our government's observations on the domestic political process underway in Seoul.

Facing the Challenges

In the past few decades, the Republic of Korea has created a dynamic economic system and is now in the process of creating an equally dynamic political system to carry the nation into the next century. This task is being undertaken amid unique circumstances. The Republic of Korea faces a determined and well-armed foe, committed to reunification of the peninsula on its own terms by whatever means are necessary. South Korea also faces the stresses and strains of industrialization, which developed over a period of generations in the West but which is taking place almost overnight in Korea. In these circumstances, the new political system now debated in Seoul must provide

security and dynamism for the continued parallel development of economic, social, and political institutions.

Few countries face as direct and sustained a threat to their very existence as does the Republic of Korea. Over the past 40 years, North Korea's Kim Il Sung has tried virtually every tool available—from all-out war to assassination to "peace offensives"—to destroy or eclipse the Republic. As everyone in this room is well aware, the cost of these misbegotten policies has been tremendous for Koreans, both north and south.

The Korean war exacted a terrible toll in human suffering, and its repercussions are still evident. Today, a band of steel still stretches across Korea's beautiful mountains and rivers from one sea to the other. In the past few decades, the North has doubled the size of its armed forces and increased its weaponry with vast assistance from the Soviet Union. The threat to South Korea is still very real.

During the same period the South, with U.S. support, has made steady progress toward modernization of its defensive capabilities. The improvements have been largely in equipment and training, neither of which come cheap. South Korea has been devoting some 6% of its gross national product to this effort. Furthermore, this significant investment is being made at the same time that the Republic of Korea has been undertaking one of the world's most impressive programs of economic development and industrialization.

Strong Economic Base

Korea is one of the nations to which the term "newly industrializing country" is aptly applied. Over the past 5 years, the Republic of Korea has maintained an average annual economic growth rate of over 8%, following an earlier decade of equally impressive economic development.

During this time South Korea moved from being a recipient of U.S. aid to America's seventh largest trading partner. Today, the United States has more trade with South Korea than with many of our traditional European trading partners. In 1986, total bilateral trade was some \$19 billion. The United States is South Korea's single biggest market, buying \$13-billion worth of Korean products. Footwear and apparel top U.S.

imports from Korea, but Americans have also become very fond of Korean-made electronic products, from TVs to microwave ovens and small computers. Furthermore, Korean firms have been moving into new areas as well—witness the increasing number of sharp Hyundai automobiles on American roads.

It bears emphasizing that the Republic of Korea is also a major market for U.S. goods and services. The South purchased about \$6-billion worth of American goods, services, and agricultural products in 1986.

Economic success has changed South Korean society in fundamental ways. In 1960, the average per capita gross national product was \$100. Today, it is over \$2,000. In 1975, almost one-third of all South Koreans were engaged in agriculture. Today, that proportion is down to one-fifth. Koreans have moved rapidly to their cities; over half now live in urban areas. Seoul alone accounts for one-quarter of the population.

South Koreans, whose drive for learning is an enviable national characteristic, are better educated than ever before. Today, 98%—one of the world's highest percentages—are literate. Korean colleges and universities enroll more than 1 million students. Korean mothers tell their high school student children that they must study long and hard: "Five hours sleep a night means success; six hours means failure."

New Stresses

The Republic of Korea faces new stresses in many sectors of its society, which will require a political system capable of building consensus through discussion and compromise. On the economic side, South Korea faces many new challenges as it moves into industries based on more sophisticated technologies. Firms like Gold Star, Samsung, and Daewoo are, for example, already producing integrated circuits and computers. At the same time, Koreans realize they must accept certain responsibilities, such as more open markets, commensurate with their new role as an international trader of some consequence. South Korea has earned full membership on the team. With that full membership comes the obligation to help maintain the free trading system from which it has benefited so greatly. Naturally, such profound changes in economic behavior in such a short time are difficult, but they must be accomplished.

Korean society faces a wide range of other challenges deriving from industrialization. Success in meeting these challenges will require a creative, responsive political system. Seoul needs to decide, for example, on the appropriate amounts of national resources to invest in social capital—schools, medical facilities, and so forth—and how to continue to assure equitable distribution of the benefits of economic success. As the work force becomes more sophisticated, Korea has also to deal with the difficult problems of workers' rights, including safety and labor organizations and the role of unions. Koreans are beginning to address such complex issues. Last year, the National Assembly passed new legislation that permits national labor organizations to participate in individual labor actions. Another effort has begun to establish minimum wages. These issues will not be solved overnight. A more open political system will be a critical part of the solution.

The Move Toward Political Maturity

Everyone understands the fundamental linkage between a nation's domestic political maturity and its general security. The two elements are mutually dependent. The Republic of Korea's security relies as much upon responsive political institutions that promote the aspirations of its people as upon the mighty military capability it possesses. By the same token, of course, political transition must proceed at a pace consistent with harmony and stability. Secretary of State Shultz has pointed out that transitions toward greater democracy are "often complex and delicate, and . . . can only come about in a way consistent with a country's history, culture, and political realities." We recognize that.

At present, there appears to be a general consensus among South Koreans of various political persuasions that domestic political practices up to now—however well suited they may have been for a simpler, slower moving past—simply are inadequate to meet Korea's complex present and future needs.

First, there is the problem of the peaceful transfer of power from one leader to the next. President Chun Doo Hwan himself has pointed out that the country cannot afford long periods of one-man rule ending in violence and confrontation. Koreans also face the challenge of permanently "civilianizing" their politics—of calling upon the full

range of their talent resources to lead an increasingly complex economy and society.

The Korean military has played an important role in various aspects of the Republic's recent development. But Seoul is now moving into a new era. After the destruction of much of the civilian sector by the Korean war, Korea's military men were a significant group among the relatively small number with experience in administering large, modern organizations. Today, however, many South Koreans have a wealth of experience and have operated successfully in a wide variety of fields to ensure progress in a modern society. Korea's industry and business compete aggressively and impressively on the world stage. Its universities produce world-class scholars.

In addition, new technologies have thrust greater complexities into modern defense efforts. Today's soldier lives in a new era in which Korea's national security demands his full-time concentration and energy to accomplish his vital primary mission: mastering the skills needed for the defense of his country.

Laudable Initiative

President Chun has recognized these trends and moved to implement the changes in the Republic of Korea's political institutions necessary to meet the demands of the next century. He has pledged to break the historical cycle of succession, instability, and uncertainty by peacefully transferring power at the end of his term in February 1988. The President has made a historic commitment toward greater democratization in South Korea: he has said that he will be the first major Korean president to retire from office peacefully, in order to set the pattern for future Korean leaders. He will join a pool of retired statesmen, no longer active in politics, whose counsel and advice will be a valuable national resource. It is now the task of the Korean people to establish a system which will ensure that such peaceful transfers of power continue into the future.

President Chun deserves credit for his promise, and history will praise his service to the nation by making good on it. In keeping this pledge, he also thrusts obligations on all his compatriots: to support a peaceful process while eschewing violence and to deal responsibly with the new phenomenon of a once-powerful president who has retired.

President Chun, the Democratic Justice Party, and the New Korea Democratic Party all deserve credit as well for recognizing the need for and starting the process of constitutional revision. Although political differences must be played out, most outside observers are concerned that, to date, there seems to have been more argument than real discussion and—as a consequence—more rhetoric than results. It is essential for the future of the Republic of Korea, and for the future of our bilateral relations, that any new constitution, and the laws which support representative government, create a more open and legitimate political system.

A Consensus Process

History demonstrates that to be durable, constitutions must be carefully constructed. They emerge from compromise and consensus among the major political players, not from violence, abuse of physical force, or obstinate confrontation. Lasting constitutions encompass broad principles, such as free and fair elections in an open atmosphere. Agreeing on such principles requires that people work together for the future, putting aside personal ambitions and past accusations and grievances. Put another way, any new system must enlist the constructive energies of all South Koreans, emulating the way that economic development has brought together people of divergent backgrounds and used the talents of every man and woman.

Only if it is created through a consensus process can South Korea's evolving political system have the dynamism and the durability to prosper into the next century. Only in this way will it have the firm support of Korea's people, support which is vital if Korea is to break the tragic cycle of unexpected and violent changes of government. Only popular support can give the stability which the Republic of Korea needs to meet the challenges to its national and its economic security in the future.

The task is not an easy one, but Koreans know the time is ripe for beginning.

First, the combined South Korean and UN Command forces present a formidable shield behind which the process of political change can take place.

Second, the Korean economy did well last year. The Republic of Korea had a surplus in its current accounts for the first time, and this year also promises to be a good one.

Third, and perhaps most importantly, Koreans want change. They are better educated than ever before and have a new self-confidence—a “can-do” attitude—after their success in developing their country’s economic strength.

The Republic of Korea’s political leaders have committed themselves to a new course. President Chun has pledged to transfer power peacefully and has started the process of constitutional revision. The other major political actors on both sides are men who know from their own experience the consequences if this chance is missed. They lived through the horrors of the Korean war and past political traumas amidst uncertainty and violence. They know that an orderly system for changing governments is a necessity for their country’s security and prosperity. In the hurly-burly of day-to-day political activity, it is easy to lose sight of the big picture; but these men have the breadth of mind to pause and reflect and act constructively, not for narrow partisan interest but for their country.

Regardless of what specific governmental system emerges from the current debate, it surely must reflect elements of openness, fairness, and legitimacy. We would hope for further innovative proposals from participants in this process, proposals which statesmen in both the majority and minority parties will consider with open minds and an eye toward necessary compromise. Innovative ideas can serve as an agenda to move the revision process out of the morass into which it has fallen.

The 1988 Olympics will give South Koreans a chance to show off the results of their hard work to the world. Their country has certainly become a model of economic development, and many nations will be justly impressed. The time remaining before the games also gives South Koreans the opportunity to construct the kind of political institutions, the kind of political model, that they would like the world to see.

Offer Our Support

South Koreans developed their economic system step by step and by their own hard work. They will build a new political system in the same way. The United States can and will support this effort as it did economic development, without interfering in domestic affairs. We shall do so in a number of ways.

Philippine Constitutional Plebiscite

WHITE HOUSE STATEMENT, FEB. 3, 1987¹

On February 2 an estimated 20 million Filipinos went to the polls to vote on a new constitution. This plebiscite is a significant milestone on the path of democratic renewal which President Aquino has charted for the Philippines.

Representative civilian government is the very essence of the democratic process. In view of our own history and values, it is an institution the United States encourages vigorously and supports totally. We congratulate the people of the Philippines on their latest, successful exercise in democracy and wish

them equally well in the political contests ahead.

The United States pledges continuing support for President Aquino’s courageous efforts to maintain her fellow Filipinos’ freedom and participation in the political process. These are the surest guarantees that the Philippines will achieve the internal harmony, political stability, and economic prosperity it needs and has earned.

The President has sent President Aquino a message conveying his personal congratulations on the successful conclusion of the plebiscite.

¹Text from Weekly Compilation of Presidential Documents of Feb. 9, 1987. ■

First, the United States will continue to work with the Republic of Korea’s Armed Forces to maintain and strengthen the military shield which protects the country. The American commitment is firm and will remain so, regardless of changes in the Congress or even in administrations. At the same time, we will support the Republic of Korea in its efforts to reduce tension with the North.

Second, we shall continue to support an open international trade system. This system is the bedrock upon which Korea’s present and future prosperity depends. Korea is rich in human resources but lacks many raw materials. The continuation of free trade between nations is clearly vital to the Republic. One need only observe the stagnation of the North Korean economy to get a good idea of how unproductive that society’s go-it-alone approach to development has been. The Reagan Administration will continue to fight for the preservation of this beneficial system. But we will need help from our friends. From this perspective, the present trade negotiations between Seoul and Washington represent not an agenda of so-called American demands but rather our “request for assistance” in maintaining a dynamic and healthy international commercial system. We must pursue this effort in the face of rather strong protectionist forces in the United States and elsewhere that threaten our mutually beneficial trade.

Finally, the United States will continue to encourage all sides in Korea to work together to create a new political framework. The United States wholeheartedly supports the important process of constitutional and legislative reform as the means to this end. In that process, we will provide positive support, not interference. We do not and shall not support any particular proposal by any Korean political party; but we shall continue to urge accommodation, compromise, and consensus. Both sides have made eloquent arguments concerning the virtues of their respective ideas. It is for Koreans, not outsiders, to decide what institutions and mechanisms best fit their country’s needs. We urge all sides to sit down and work together toward constructive proposals.

Conclusion

Citizens of the Republic of Korea have a historic opportunity to create with their own hands new political forms to match the vitality of their economy and society. Clearly, old patterns no longer suffice. Equally clearly, creating new ones will require courage and self-sacrifice on the part of the statesmen who undertake the task. We Americans are fully behind the Korean people in this tremendously important effort to create a new political system with the vitality and solid popular support to carry their country successfully into the next century. ■

U.S. Trade Policy and the Trade Deficit

by Clayton Yeutter

Statement before the House Ways and Means Committee on February 10, 1987. Ambassador Yeutter is U.S. Trade Representative.¹

I am pleased to appear before you today to discuss U.S. trade policy and the trade deficit. This hearing takes place 1 month after the introduction of H.R. 3, the trade provisions of which are identical to those in H.R. 4800 passed by the House last year. I know you are all aware of the views of the Administration on those provisions, and I do not intend to belabor them here this morning.

I am very pleased with the bipartisan cooperation members of this committee have shown in their desire to craft responsible, effective trade legislation in 1987. The administration looks forward to working with you throughout that process. Our bill will be before you shortly. In developing that bill, we were guided by several overarching considerations. For example, we considered whether each proposal would:

- Facilitate the competitiveness of U.S. industry;
- Conform to our international obligations;
- Enhance our leverage in the Uruguay round and in other international trade negotiations;
- Provoke costly retaliation against U.S. exports; or
- Invite our trading partners to enact mirror legislation, to the detriment of U.S. exports.

These are the same tests we will apply in considering proposals emanating from the Congress.

Let us turn now to one of our most challenging national problems—the trade deficit.

U.S. Trade Deficit

In 1986, the United States had a merchandise trade deficit of \$169.8 billion. The deficit has grown as a consequence of rising imports in recent years while exports have been essentially unchanged [Table 1]. In 1986, imports were 7% higher than in 1985 and up over 50% from 1980. Rising imports were to be expected following 1982, when

America's economy began expanding again. Of greater concern is that during this same period, exports have remained flat, rising only about 2% this past year, and they still remain slightly below their 1980 level.

The 1986 merchandise trade deficit grew *vis-a-vis* virtually every major U.S. trading partner [Table 2]. In dollar terms, the biggest shifts occurred in trade with the European Community [EC] and Japan, but countries such as Korea and Taiwan now also have major surpluses with us. In terms of product components, changes in our manufactures trade dwarf any other shift. In manufactures, there has been a net swing of —\$158 billion since 1980.

As the U.S. merchandise trade deficit has worsened, so has the current account deficit, which for 1986 (on the basis of three quarters' data) is estimated to be about \$140 billion. The 1986 current account deficit was 19% larger than in 1985. As recently as 1981, we had a current account surplus of \$6.3 billion. The current account is the broadest measure of our international trade, including not only the merchandise trade balance but also the balance on trade in services, investment earnings, and transfers.

The deterioration in America's trade and current account balances should concern all of us. However, before we try to "do something," we ought to understand just what the problem is. We will see a permanent turnaround in our trade and current account balances only if we take actions which address their real causes, rather than their perceived causes.

The growth in the current account deficit is, by definition, the mirror image of the growth in net foreign capital imports [Table 3]. In recent years, we have gone from being a large net capital lender to a substantial net capital borrower. Between 1982 and 1986, we borrowed almost \$420 billion more than we loaned overseas. In other words, our problems are as much capital related as they are trade related.

Let me briefly explain how the current account deficit mirrors our net foreign capital imports. Over the last few years, foreign lenders and investors have found the United States a particularly attractive haven for their funds. Sustained noninflationary growth,

relatively low taxes, business deregulation, and relatively high real interest rates have all helped to attract foreign funds.

In order to invest or lend here, however, foreigners have to purchase dollars in foreign exchange markets. That strong external demand caused a substantial appreciation in the dollar's value during the first half of the 1980s. That appreciation, in turn, was a major factor in our large trade and current account deficits. After all, not many Americans give dollars to foreigners so that the latter can invest here. Foreigners earn those dollars by selling us goods and services.

Our trade and current account deficits supply the dollars purchased by foreigners in foreign exchange markets to invest here. Under the flexible exchange rate system, the value of the dollar moves whenever necessary to equate the value of capital inflows with the current account deficit. Conversely, there is no way for our current account deficit to decline without a corresponding reduction in our net capital inflows (our net foreign borrowing).

The fundamental question then is: Why are we borrowing so much from overseas? The answer is that our national pool of savings—the positive savings of private households, corporations, and state and local governments—is insufficient to meet the combined expenditure demands of private investment plus the large Federal budget deficit. The gap—3.3% of GDP in 1986—between domestic savings, on the one hand, and private investment plus Federal budget deficits must be made up by borrowing substantial amounts of capital from abroad. This borrowed capital allows us to keep our investment spending at current levels rather than reduce them to the level of domestic savings as would otherwise be necessary. We are saddling future generations of Americans with a growing domestic and foreign debt burden so that we can enjoy greater comforts today. Would that our grandchildren were to understand what we are doing to them.

One reason low net U.S. saving is not sufficient to meet domestic expenditure is that there has been substantial dissaving, in the form of large budget deficits, by the Federal government. The most important action we as a nation can take to improve the trade deficit and enhance U.S. competitiveness is to boost domestic saving by cutting the Federal budget deficit through reductions in government spending. An attempt to cut the budget deficit by raising taxes would be counterproductive.

A second important factor contributing to the worsening of our trade and current account deficits has been slow economic growth in many of our industrialized trading partners. This, of course, impedes growth in our exports. Were our overseas trading partners to grow faster, the net effect on U.S. exports would be positive. In addition, those countries would become more attractive to global investors, thereby reducing the demand for dollars to invest in the United States. (The latter is a two-edged sword, of course. A slowdown in foreign investment here will drive up interest rates, unless we also take steps to boost domestic savings.)

Finally, our trade and current account deficits are related to the debt crisis in the developing countries. Secretary [of the Treasury] Baker has covered this point, so I will only say that heavy debt burdens have caused many of our Latin American trading partners to reduce their imports from us while boosting exports to the United States in order to service their debts. That may have been a prudent and necessary strategy in the short run. It is not necessarily a sound strategy, either for them or for us, in the long run.

The Positive Side

It is important to keep all this in perspective. Notwithstanding our present trade woes, the United States is still one of the world's most competitive and productive economies. We can and must do better, but our competitive posture today is far superior to what it was 2 or 3 years ago. The restoration of sustained, noninflationary growth is an accomplishment of which the Administration, the Federal Reserve, the Congress, and the American people can be proud.

Beginning in 1981, President Reagan and the Congress worked together to unleash the inherent power in our economy by dramatically reducing the tax burden borne by Americans. As a consequence, our economy is far stronger and more vibrant than it was when the Administration first took office.

In 1981 America was in the grip of the highest inflation rate ever seen in this country. Inflation was silently stealing money from the pockets of all of us. Since 1980, however, inflation has been cut from over 12% to 1.1% in 1986, the lowest level in 25 years.

Accompanying this fall in the rate of inflation has been a significant drop in interest rates. The prime rate has been cut by almost two-thirds, from a crippling high of 21.5% in January 1981 to 7.5% in December 1986. Housing has once again become affordable to Americans, sparking a boom in the domestic housing market.

Our ability to create jobs for Americans is the envy of the rest of the world. Nearly 13 million new jobs have been filled since 1980, and more than 61% of our people over the age of 16 are employed, the highest level ever. While civilian unemployment remains too high at 6.7%, it is now the lowest it has been since the end of 1979.

The Administration and the Congress together have completed a major overhaul of the tax system. The new system, which starts to take effect this year, will make our Federal income tax simpler and fairer for millions of Americans.

Thanks to the efforts of Treasury Secretary Baker, [Federal Reserve] Chairman Volcker, and their counterparts in other major industrial countries, we have seen a growing degree of macroeconomic coordination.

The totality of these and other economic policies has helped create over 49 months of sustained economic expansion, one of the longest periods of continuous growth since the Second World War. This growth has boosted national wealth, given Americans higher real incomes than ever before, and raised our standard of living.

Trade Policy and the Trade Deficit

Hand-in-hand with these general economic accomplishments have been numerous victories in the trade policy area. The Administration remains committed to its policy of free and fair trade.

Table 1

Trade and Current Account Balances (US\$ billions)

Merchandise Trade (Census basis, imports valued c.i.f.)

	U.S. Exports	U.S. Imports	Balance
1980	220.6	257.0	- 36.4
1981	233.6	273.4	- 39.8
1982	212.2	254.9	- 42.7
1983	200.5	269.9	- 69.4
1984	217.9	341.2	-123.3
1985	213.1	361.6	-148.5
1986	217.3	387.1	-169.8

Current Account Balances

	Merchandise**	Business Services	Direct Invest. Earnings	Other Invest. Earnings	Other***	Current Account
1980	- 25.4	7.6	28.5	1.9	-10.7	1.9
1981	- 28.0	9.6	25.7	8.4	- 9.9	6.3
1982	- 36.4	9.1	18.2	10.4	-10.4	- 9.1
1983	- 67.1	6.4	14.9	9.9	-10.7	- 46.6
1984	-112.5	2.3	12.3	6.5	-15.1	-106.5
1985	-124.4	0.4	26.3	-1.1	-18.9	-117.7
1986*	-146.4	4.6	31.2	-8.4	-20.6	-139.6

* Annualized from the first three quarters of 1986.

**The merchandise trade deficit as reported in the current account is smaller than on the more widely reported Census basis. The exclusion of insurance and freight charges from merchandise import valuations in the balance of payments, together with other technical adjustments, cause this difference in the valuation of the trade balance.

***Includes military transactions, government services, and unilateral transfers.

Sources: *Survey of Current Business*, U.S. Department of Commerce and UN Trade Statistics.

Table 2

Selected Bilateral U.S. Merchandise Trade Balances—1980–86
(US\$ billions)

	1980	1981	1982	1983	1984	1985	1986
Japan	-12.0	-18.0	-19.0	-21.7	-36.8	-49.7	-58.6
Canada	-6.6	-7.3	-13.1	-14.3	-20.4	-22.2	-23.3
EC	16.3	8.7	3.5	-1.6	-13.3	-22.5	-26.4
Germany	-1.9	-2.1	-3.8	-5.0	-9.4	-12.2	-15.6
Mexico	2.4	3.8	-4.0	-7.9	-6.3	-5.8	-5.2
Korea	0.0	-0.5	-0.7	-2.0	-4.2	-4.8	-7.1
Taiwan			-5.4	-7.7	-11.3	-13.1	-15.7
Brazil	0.3	-1.0	-1.2	-2.9	-2.9	-5.0	-3.5

Sources: U.S. Department of Commerce and the Office of the U.S. Trade Representative.

However, if trade is to be truly free for all countries, it must be conducted by essentially the same rules everywhere. We have challenged and will continue to attack foreign unfair trade practices and trade barriers whenever and wherever they exist. They undermine the basic concepts on which the postwar trading system was built—equal access to open markets. And to individual industries and firms, foreign trade barriers and unfair trade practices can and do cost large amounts in lost sales opportunities.

The Administration has made major progress in removing foreign impediments to U.S. trade. I will submit an overview of this as an appendix to my testimony today. Let me summarize some of those actions.

Through the judicious use of Section 301, we have reached agreements with many of our trading partners to eliminate or substantially reduce barriers to U.S. exports. More than 60% of all Section 301 trade actions have been launched under this Administration. Further, President Reagan was the first President to self-initiate Section 301 cases. We have initiated eight such cases since September 1985 and have brought seven of them to a satisfactory resolution.

In response to a Section 301 case, Japan will open its cigarette market. This could raise U.S. exports substantially. On semiconductors, we reached a broad settlement of a Section 301 case and two antidumping actions. In settlement of a Japanese leather and leather footwear case, the Japanese have agreed to reduce or eliminate tariffs on 137 nonleather items, including five important aluminum products, and they will make permanent 242 earlier tariff reductions.

In other Section 301 actions, we negotiated settlements with Korea over two separate cases involving insurance and intellectual property. And the United States and Taiwan have settled a dispute over Taiwanese restrictions on its beer, wine, and cigarette markets, creating a probable \$150 million in additional U.S. exports.

With the European Community, we have just concluded a major dispute over the enlargement of the EC to include Spain and Portugal. Under the agreement, the United States will receive full and fair compensation worth \$400 million for losses we would otherwise have suffered in our corn and sorghum exports to Spain. More than three-quarters of the compensation came in assured access for corn and sorghum; the remainder in additional access on 26 other agricultural and industrial products. In other cases against the EC, we have reached settlements on citrus, pasta, almonds, and canned peaches and pears, giving U.S. exporters an improved chance to compete in the EC market.

Section 301 is not the only tool the Administration has used to ensure that trade is conducted on an open and equitable basis. At the end of December, we settled a protracted subsidy/counter-vailing duty dispute with Canada over its lumber pricing practices. In the first use of Section 307 authority by the United States, Taiwan has agreed to eliminate its export performance requirements in the automotive sector.

We recently completed a 2-year review of the generalized system of preferences (GSP) program, during which GSP beneficiaries were encouraged to improve intellectual property rights protection and worker rights practices as well as eliminate barriers to U.S.

exports of goods, services, and investment. As a result of the review, the level of duty-free GSP benefits granted to advanced developing countries will be reduced by about \$2 billion, or 23%. In addition, three countries were denied GSP benefits for failure to improve workers' rights practices.

The United States and Japan have made important progress in the market-oriented, sector-selective (MOSS) talks to open markets to U.S. products. In telecommunications, pharmaceuticals, forest products, and electronics, agreements were reached that should increase market access for U.S. firms. In August 1986, another MOSS negotiation was launched on transportation equipment.

In what may be our single most important international endeavor for 1987, we are in the midst of negotiations on a comprehensive trade agreement with Canada, our largest trading partner. Merchandise trade flows between our two countries totaled \$114 billion in 1986. We believe those numbers will grow dramatically if we are able to open up the border between our two nations, and we also see a vast expansion of activity in the services sector, in investment flows, and in capital movements generally. These negotiations are complex and very sensitive, but they are also clearly in the economic interest of both countries. We hope to bring them to completion later this year.

The United States and more than 50 of its major trading partners have successfully renegotiated a renewal of the multifiber arrangement (MFA) in textiles and apparel to 1991. The new MFA expands coverage to previously uncontrolled fibers such as ramie, linen, and silk blends. It also includes a mechanism

to prevent destructive import surges and provisions to prevent fraud. During the discussions, we made it clear to our trading partners that we would continue to pursue measures in our bilateral agreements negotiated under the MFA to open markets to our textile exports.

Following a determination that a substantial increase in imports of machine tools could threaten U.S. national security, President Reagan recently announced a program to revitalize the domestic machine tool industry. As part of this program, the President instructed Secretary [of Commerce] Baldrige and me to discuss voluntary restraint agreements with Japan, Taiwan, Germany, and Switzerland. We have now concluded agreements with Japan and Taiwan. Given recent exchange rate movements, it is unlikely that machine tool imports from Germany and Switzerland will increase. If, however, there is a surge from those countries and if it threatens to undermine our voluntary restraint agreements, the President has reserved the right to take unilateral action. President Reagan has also approved a domestic action plan to boost the machine tool industry.

Maintaining and Enhancing U.S. Competitiveness

The growth in America's trade deficit has caused some observers to question whether or not we can meet the challenge of the international marketplace. President Reagan's answer is an emphatic "yes, we can!" provided business, labor, and government put their heads together and work cooperatively toward that goal.

While the world has changed considerably in the last 40 years, one constant remains. Other nations look to America for economic leadership. We can lose that leadership role only through our own inadequacies. It is we—no one else—who will determine whether we are internationally competitive a decade from now. If we are not, we will have only ourselves to blame.

In his January 27 State of the Union address, President Reagan outlined a broad initiative to enhance U.S. competitiveness. As the President noted, all Americans must work together in a national "quest for excellence." This Administration is committed to doing its part in fostering and promoting America's ability to compete, as others must also do their part.

For its part, the Federal government should create an environment in which American business and workers can achieve their full potential. As part of the Administration's initiative to enhance U.S. competitiveness, the President has proposed a wide-ranging set of initiatives designed to do just that. The multipronged program is aimed at:

- Increasing our investment in human and intellectual capital;
- Boosting scientific and technological development;
- Improving protection for intellectual property rights;
- Refining our legal and regulatory systems;
- Creating a favorable international economic environment; and
- Eliminating the budget deficit.

Essential to enhanced U.S. competitiveness is increased investment in our most valuable national resources—our human and intellectual capital. This investment must start at the earliest possible stage, when our children are in school. One Administration goal is to broaden and deepen our children's command of basic skills. In today's world, knowing the three "R's" is not enough. We live in a technological society in which a knowledge of computer languages is becoming as important as a

mastery of English. Americans must be well-versed in every area, not only in English but in the new language of science and technology. The slide rule has been replaced by the personal computer, and our children had better know how to use it!

Preserving human capital also means helping those workers who become displaced from their jobs. The President will propose a new \$1 billion worker adjustment assistance program to help experienced industrial and service workers and farmers find new employment when they lose their jobs. It will include job counseling and job search assistance and training for workers long before they exhaust their unemployment benefits. There will also be an \$800 million program for training needy youth in welfare families. Under the leadership of Secretary of Labor Brock, the Administration will also seek ways to improve labor mobility, so that workers can move more freely to areas where jobs are being created.

America's competitiveness increasingly depends on our ability to take quick advantage of our knowledge and technological breakthroughs. The Federal government has at least two roles in this area. First, it can promote the generation of new knowledge and technology. Toward this end, the Presi-

Table 3

Selected Data on U.S. Capital Flows—1981–86 (US\$ billions)

Item	1981	1982	1983	1984	1985	1986*
Capital Outflows (–)	–111.0	–121.3	–50.0	–23.6	–32.4	–90.0
of which						
Debt	–96.2	–117.2	–44.6	–15.9	–5.9	na
Equity	–9.6	0.9	–4.3	–5.0	–22.7	na
Capital Inflows (+)	83.3	94.1	85.5	102.8	127.1	204.4
of which						
Debt	53.1	76.7	67.2	78.3	104.4	na
Equity	30.2	17.4	18.3	24.5	22.7	na
Net Capital Flows	–27.7	–27.2	35.5	79.2	94.7	114.4
of which						
Debt	–43.1	–40.5	22.6	62.4	98.5	na
Equity	20.6	16.5	14.0	19.5	0.0	na
Current Account						
Deficit	6.3	–9.1	–46.6	–106.5	–117.7	–139.6
Errors and Omissions	21.4**	36.3	11.1	27.3	23.0	25.2

* Annualized on the basis of 9 months' data.

** Includes allocation of special drawing rights.

Note: In the categories "Capital Outflows" and "Net Capital Flows," debt plus equity do not equal the total capital flow because of changes in U.S. official reserve assets.

Source: *Survey of Current Business*, U.S. Department of Commerce.

dent will put forward several initiatives designed to foster U.S. research and development. Among these are science and technology centers that will focus on basic science that directly affects our competitiveness; increased incentives to research and development; the encouragement of technology sharing among the government, universities, and business; and accelerated spinoffs from defense technologies.

Promoting increased knowledge and technological development is only half the battle. It will do us little good if we develop new technologies, only to have them immediately pirated by other countries as has so often occurred this past decade. The Administration is firmly committed to improving protection for U.S. intellectual property rights at home and abroad. We will seek improvements in domestic law to give greater protection to holders of such rights, and abroad we will take into account the degree to which a country protects intellectual property rights when we negotiate treaties or provide assistance. We also plan to join the Bern Convention for the Protection of Literary and Artistic Works.

We must examine our laws and regulations for unnecessary burdens on American business. Oftentimes, the greatest hurdle for an American exporter is our own rules. Instead of promoting exports, we discourage them! Among the areas that we will have proposals on are changes in product liability laws to reduce spiraling insurance costs; reform of our antitrust laws so that they reflect the reality of global markets; improved export controls; additional reforms to eliminate unnecessary regulatory burdens; deregulated surface transportation and natural gas; and a strengthened private pension system.

Trade Legislation and the Uruguay Round

The United States is the world's most important trading nation. Through trade, we have stimulated economic growth, taken advantage of economies of scale, encouraged innovation, and ensured a higher U.S. standard of living. Some 5 million American jobs depend on exports—more than in any other nation. The days when we could wall ourselves off from the rest of the world are gone, never to return.

That is why the Administration, as part of its program to enhance U.S. competitiveness, will be submitting a substantial package of trade legislation

to the Congress. It is our hope that we can work together to give this legislation the serious and thorough consideration it deserves.

One of our legislative goals is to improve the scope and functioning of U.S. trade law. In so doing, we will submit amendments to Section 201 of the Trade Act of 1974 to expand the range of relief remedies available to the President and to help ensure that industries receiving Section 201 relief will be truly competitive following the period of relief. We will propose including reciprocity as a factor to be considered under Section 301—our most powerful trade weapon—in deciding whether a government's practices are "unreasonable." We will also propose a firm time limit for settling *all* Section 301 disputes and regular reports on the commercial effects of Section 301 actions. Our antidumping and countervailing duty laws should be tightened to prevent circumvention. In addition, the antidumping law should be amended to improve its application to nonmarket economies. Our legislative proposal will also contain a request for authority to implement the harmonized system of tariffs.

The other goal of our proposed legislation will be to give us the tools to improve the international trade environment.

The tool we need most is fast-track negotiating authority for the Uruguay round, and our legislative proposal will request this authority. Past experience has shown that we must offer reasonable assurance to our negotiating partners that the results of a multilateral round will be considered—and implemented—by the Congress on an expedited basis.

Experience has also shown that it is critical for us to consult frequently and work closely with the Congress and the American public throughout such a negotiating exercise. The procedures used in the Tokyo Round were highly successful. They involved consultation with the Congress and the public through each step of the negotiation. As part of our request for trade negotiating authority, we will include provisions for even more extensive consultation during the Uruguay round.

We want a successful conclusion to the Uruguay round for several reasons. As they try to do business overseas, Americans face numerous trade barriers and other trade distortions. Frequently, these barriers are legal under international trade rules, such as tariffs or, like services, are not covered at all by the rules. Just as frequently, they do not

lend themselves to remedy through unfair trade actions. The authority to retaliate under Section 301, for example, can be effective in specific, well-chosen cases but is impractical where problems are widespread or there is not international consensus over the fairness of a practice.

Therefore, the most effective way to attack many of these barriers and practices is through international negotiations. That is why the United States pressed so vigorously for the start of a new round of multilateral trade negotiations. Thanks to our efforts, and those of many like-minded nations, the latest round of multilateral trade talks was launched on September 20, 1986, by the 92 nations of the General Agreement on Tariffs and Trade (GATT).

If successfully concluded, the Uruguay round will assist America's trade performance by strengthening and improving existing trade rules and expanding the coverage of the rules to new areas. Where the GATT rules are weak, such as in agriculture and dispute settlement, we will work to strengthen and improve them. Where the rules are nonexistent—as in intellectual property, services, and trade-related investment—we seek new regimes for ensuring that trade in these areas is conducted on a free and fair basis. Our goal for the negotiations is to substantially increase the share of total world trade under some form of international discipline and to make certain the discipline is effective.

The participating nations have now agreed on a negotiating program and organization for the Uruguay round. The first phase of negotiations begins this week in Geneva. During 1987, the participants are committed to putting forth detailed negotiating plans and proposals in different areas of trade activity. It will be the most comprehensive trade negotiation ever undertaken. Intense bargaining should begin next year, and our goal is to complete all negotiations by 1990. Hopefully, some facets of the negotiation can be completed and brought back for congressional approval at an earlier date.

Conclusion

Numerous alternative policy solutions for the U.S. trade deficit have been discussed in the Congress, the public, and the press—an import surcharge, oil import fees, export promotion and subsidy programs, forced reductions of bilateral trade surpluses by major U.S.

trading partners, and the tightening of U.S. trade laws and programs.

Many of these proposals are of dubious merit; some would be very harmful to U.S. interests. In general, they blatantly ignore our international commitments and responsibilities. This would invite retaliation, shrink trade, slow everyone's economic growth, and boost our inflation rate. Aside from their specific shortcomings, these proposals all share one basic flaw—they fail to address the fundamental causes of the trade deficit.

They fail because they attempt to force "traditional" trade policy instruments, such as our trade laws, to solve problems they were never designed to solve. The proposals focus mainly on mechanisms which directly affect trade in goods—tariffs, quotas, retaliatory authority, export promotion activities, etc. Even where such proposals move outside of the traded-goods sector and into the areas of services, intellectual property rights, and investment, they assume that the only tools we need to use to bring down our trade deficit are trade policy and trade laws.

Such matters are a legitimate subject for public debate. Traditional trade policy is still important, and we are working very hard at it. But let us recognize that it is not responsible for much of the recent expansion in our trade deficit. At most, foreign trade barriers and unfair trade practices account for a very small portion of our trade deficit. Indeed, given the Administration's record in attacking unfair foreign practices, if trade policy were a major factor in the trade deficit, we would already have eliminated a large chunk out of it.

Actions in the trade area should be taken because they are needed to maintain and restore a sense of equity and openness in the international trading system. But they cannot be viewed as the fundamental solution to our trade problems.

In looking for such solutions, we must expand our horizons beyond those of traditional trade policy. The Administration's competitiveness and trade initiatives are positive, forward-looking, and aggressive. They reflect President Reagan's confidence in America and its people. We want to work with the Congress in a determined effort to enhance our competitiveness and expand our international trading opportunities so that we can guarantee a better future not only for all Americans but for all nations.

APPENDIX

THE PRESIDENT'S TRADE POLICY: AN UPDATE

On September 23, 1985, President Reagan outlined a trade policy consisting of three parts: tough action against other nations' unfair trade practices, negotiations to liberalize world trade, and international economic policy reforms that would help both U.S. exporters and import-sensitive industries.

The President's policy has achieved major progress on all fronts. Here is a summary of its achievements.

Fighting Unfair Trade

Since September 7, 1985, President Reagan has instructed U.S. Trade Representative Clayton Yeutter to initiate or take action on 11 unfair trade practice cases under Section 301 of the Trade Act of 1974. Ten of these cases have been resolved and President Reagan has issued an unfairness finding in the other.

The aggressive use of Section 301 and other statutes is achieving results.

EC Enlargement. The European Community (EC) agreed on January 30, 1987, to provide full compensation to the United States for higher corn and sorghum tariffs imposed in Spain following that country's accession to the EC. The \$400 million compensation package includes guaranteed imports of 2 million metric tons of corn and 300,000 metric tons of sorghum by Spain. Another 400,000 metric tons of grain may be sold in Portugal as a result of elimination of a requirement reserving 15% of the Portuguese grain market for sales from other EC member countries. The EC will also lower tariffs on 26 other products to provide additional market access and extend all current EC tariff bindings to Spain and Portugal. These actions were taken after President Reagan had announced retaliatory measures under Section 301.

Japan Tobacco. Japan agreed on October 6, 1986, to open its cigarette market to U.S. cigarette exporters by suspending its 28% tariff on cigarette imports, by ending the discriminatory practice of allowing deferred payment of excise taxes by Japanese manufacturers, and by eliminating distribution and price approval problems. U.S. cigarette exporters believe their exports to Japan

could quintuple, reaching \$1 billion annually. This settled a self-initiated Section 301 case.

Taiwan Beer, Wine, and Tobacco.

Taiwan agreed to open its beer, wine, and cigarette markets to American exports, creating the possibility of an additional \$150 million in sales in these commodities. This action was taken on December 8, 1986, after President Reagan instructed Ambassador Yeutter to propose retaliatory action under Section 301.

Japan Semiconductors. Japan agreed on July 31, 1986, to open its market to sales of U.S. semiconductors, which should increase semiconductor exports by \$2 billion in 5 years. Japan also agreed to help ensure that Japanese companies will quit dumping computer chips below cost in the United States and third country markets. This settled an industry-initiated Section 301 case and two antidumping cases.

The Administration is monitoring this agreement carefully in light of apparent noncompliance by Japan. In emergency consultations in Tokyo the week of January 26, U.S. negotiators set deadlines for Japanese actions to bring them into full compliance with the provisions of the agreement.

Brazil Informatics. In another self-initiated Section 301 case, President Reagan determined on October 6, 1986, that Brazil unreasonably restricts imports of computer technology, provides inadequate protection of intellectual property rights for computer software, and restricts investment in the computer sector. Based upon progress made to date and upon expectations of future progress, President Reagan decided on December 30, 1986, to provide an additional period until July 1, 1987, for Brazil to make improvements in its informatics regime.

EC Citrus, Pasta, and Almonds.

The EC agreed on August 10, 1986, to give U.S. citrus producers additional access to the European market, ending a 16-year dispute on the EC's special treatment for Mediterranean citrus imports. The EC also agreed promptly to solve the longstanding problem of subsidies for EC pasta exports. And the United States and EC agreed to tariff reductions on other products that will give U.S. almond producers additional access to the European market. These agreements were reached after President Reagan retaliated against the EC's citrus preferences under Section 301, raising pasta duties on November 1,

1985. (As part of the settlement, both sides rescinded their retaliatory measures.)

Japan Leather. Japan agreed on December 21, 1985, to compensate the United States for GATT-illegal leather and leather footwear quotas by eliminating tariffs on 137 items, including five important aluminum products, and making permanent 242 earlier tariff reductions. In addition, the United States imposed higher duties on Japanese leather imports to the United States. This settled a longstanding Section 301 case on which the President set a deadline for retaliation.

Japan Aluminum. Following consultations required as part of the leather agreement, Japan agreed on October 31, 1986, to accelerate tariff reductions on aluminum imports.

Korea Insurance. Korea agreed on July 21, 1986, to eliminate prohibitions against underwriting by foreign firms of life and non-life insurance, ensuring fair access for U.S. firms to Korea's \$5 billion insurance market.

Korea Intellectual Property. Korea agreed on July 21, 1986, to offer significantly greater protection to U.S. intellectual property rights, including patents, copyrights, and trademarks, settling a self-initiated Section 301 case.

Korea Motion Pictures. A potential Section 301 case was avoided when Korea agreed on December 23, 1985, to reduce its barriers on importing and distributing of U.S. motion pictures, television programs, and video materials.

Taiwan Customs Valuation. Taiwan agreed on August 11, 1986, to fulfill its commitment to use the transaction value, instead of an artificial duty paying schedule, to calculate customs duties. This action came after the President directed Ambassador Yeutter to propose retaliation under Section 301.

EC Canned Fruit. The EC agreed on December 1, 1985, to phase out the processing element of subsidies for canned peaches and pears, giving U.S. canned fruit exporters a chance to compete in the EC market. This settled a longstanding Section 301 case on which the President set a deadline for retaliation.

In addition to Section 301, President Reagan has used other statutes to fight unfair trade.

Canada Lumber. On December 30, 1986, the United States and Canada settled a longstanding dispute over Canada's lumber pricing practices. Canada agreed to implement a 15% export tax on lumber, thereby neutralizing the effect of its lumber subsidies.

Generalized System of Preferences (GSP). On January 2, 1987, Ambassador Yeutter announced that President Reagan will reduce the level of duty-free GSP benefits available to advanced developing countries by an estimated \$2 billion, or 23%. This decision concluded a 2-year general review of the GSP program which encouraged improved protection of intellectual property rights and the elimination of foreign trade barriers to U.S. goods, services, and investment. The President also decided to terminate or suspend from the program three countries for their failure to improve their worker rights practices.

Taiwan Investment Restrictions. Taiwan agreed on September 12, 1986, to eliminate export performance requirements in the automotive sector. This occurred after the President instructed Ambassador Yeutter to initiate a case under Section 307 against trade related investment restrictions by Taiwan, which had imposed export requirements on a Japanese auto plant investment there.

Brazil General Aviation Aircraft. Following several years of consultations, Brazil agreed in late 1985 to reduce import restrictions on general aviation aircraft by lowering tariffs from 50% to 20%, by granting import licenses for aircraft under 7,000 kilograms within 30 days, and by making licensing procedures more transparent.

Japan Supercomputers. The United States initiated a Section 305 investigation of Japan's supercomputer trade practices on December 10, 1986, thereby launching an interagency fact-finding review of trade in one of America's most advanced industries. The United States and Japan will also discuss the issue of Japanese procurement of supercomputers under the auspices of the market-oriented, sector-selective (MOSS) electronic talks.

Japan Rice. Ambassador Yeutter announced a strategy for dealing with Japanese restrictions on rice imports on October 23, 1986. Under this strategy, the United States will ask Japan to honor commitments made in Punta del Este, Uruguay, to roll back GATT-illegal trade measures and to negotiate on all

agricultural issues during the Uruguay round negotiations.

Japan Airport Construction. Japan has assured the United States that foreign companies will be able to compete on a fair and equal basis in the second and third construction stages at the \$8.5 billion Kansai airport in Osaka Bay. Consultations continue on American participation in the airport construction.

War Chest. On September 23, 1985, the President proposed a \$300 million, 3-year fund to counter predatory export credit financing by U.S. competitors for projects in developing countries. Congress appropriated \$100 million last year for this purpose. The Administration is seeking the additional \$200 million for the next 2 years.

Sweaters from China and Macau. The United States used new authority under the multifiber arrangement (MFA) to establish quotas on such products as ramie, linen, and silk-blends for the first time on September 3, 1986, when, following import surges in these products, it notified China and Macau that it intended to limit "new MFA fiber" sweaters from those countries.

Japan Fish Quotas. GATT consultations requested by the United States regarding Japan's quotas on fish—particularly herring and pollock—began on October 22, 1986.

Japan Agricultural Quotas. On July 15, 1986, the United States asked for a GATT investigation of illegal Japanese import quotas in 12 agricultural categories, including fruit juices and processed beef. A GATT panel has been established to investigate the U.S. claim.

EC Airbus. On December 19, 1986, Ambassador Yeutter requested political-level round of consultations with three European governments on the Administration's complaint that they improperly subsidize Airbus Industrie. Those talks were held during the week of February 2, 1987.

EC Meat Inspection. On March 31, 1986, President Reagan instructed Ambassador Yeutter to initiate an inquiry under Section 305 into unnecessary inspection standards the EC intends to enforce against meat imports.

Preshipment Inspection. Ambassador Yeutter announced actions on October 20, 1986, that will address impediments to American exports

caused by requirements by some countries that shipments be inspected by private companies in the United States before export.

GSP Ethanol. On April 1, 1986, the President determined that certain ethanol mixtures were being imported in circumvention of U.S. law and would no longer be eligible for duty-free treatment under the generalized system of preferences.

Shakes and Shingles. On May 22, 1986, the President granted import relief to the red cedar shakes and shingles industry under Section 201 in the form of a declining tariff program.

Negotiating Trade Agreements

President Reagan is seeking a worldwide negotiation to improve international trading rules as well as a wide array of bilateral agreements to open overseas markets for U.S. exporters and to shield import-sensitive industries from unfair imports.

Uruguay Round. On September 20, 1986, in Punta del Este, Uruguay, trade ministers from the 92 nations in the General Agreement on Tariffs and Trade launched comprehensive multilateral trade negotiations under the GATT. The talks will strengthen the international trading system so that U.S. manufacturing, services, and agricultural industries can better compete in international markets. The United States will seek new rules covering trade in services and agriculture, trade-related investment, intellectual property protection, and dispute settlement.

Canada FTA. A historic negotiation with Canada designed to liberalize trade between the two nations began on June 17, 1986. If successful, the talks could lead to the virtual elimination of the border for commercial purposes, strengthening both countries' ability to compete in international trade.

Multifiber Arrangement (MFA). Textile exporting and importing nations agreed to a stronger and more comprehensive extension of the multifiber arrangement on August 1, 1986. The new MFA extends product coverage to essentially all fibers and makes it easier to prevent import surges.

Machine Tools. On December 16, 1986, President Reagan announced that Japan and Taiwan had voluntarily agreed to restrain machine tool exports

to the United States for 5 years. He also approved a domestic action plan that will facilitate the industry's revitalization. This program, which will last 5 years, was undertaken for national security purposes.

Japan MOSS. Important progress was achieved in 1985 in the market-oriented, sector-selective (MOSS) talks with Japan to open markets for U.S. products. A number of market-opening measures are to be implemented while talks will continue to open markets even further.

In the telecommunications area, the Japanese market was opened substantially to American radio equipment and services, terminal equipment, and network services.

Barriers to imports of American medical equipment and pharmaceuticals were reduced by simplifying regulatory procedures, eliminating administrative delays, and making the rules and regulations more understandable.

In electronics, several important measures were approved that should improve access by U.S. companies to the Japanese market, including tariff reductions, improvements in the patent process, participation by U.S. companies in Japanese research and development projects, and legal protection for semiconductor chips and computer software.

In forest products, the Japanese Government has committed to tariff reductions on wood and paper products. The talks will now focus on nontariff barriers.

On August 20, 1986, the United States and Japan began negotiations on the next MOSS negotiation area—auto parts.

Japan NTT Agreement. On December 23, 1986, Japan agreed to a 3-year renewal of the bilateral agreement on procurement of telecommunications equipment by the Nippon Telegraph and Telephone [NTT] Company. Under this agreement, the Government of Japan must provide non-discriminatory treatment for U.S. products in procurement, ensuring the ability of U.S. suppliers to compete in a market that formerly was closed to foreign suppliers.

EC Steel. On November 1, 1985, the EC agreed to hold steel exports to 5.5% of the U.S. market through September 30, 1989. The United States has now negotiated 18 such agreements with steel-producing countries. These agreements are designed to correct

market distortion caused by foreign practices such as subsidies, dumping, and quotas.

On August 10, 1986, the EC agreed to limit semifinished steel exports to the United States to approximately 600,000 tons annually. This agreement brings semifinished steel under the discipline of the U.S.-EC steel arrangement for the first time.

Steel Surges. On September 4, 1986, Ambassador Yeutter requested immediate consultations with Canada, Sweden, and Taiwan to remedy the problem of steel import surges from those nations. This followed large monthly increases from these nations (which are not covered by the President's steel program) during July. Steel imports from Sweden and Taiwan have subsequently declined.

Mexico GATT. On August 24, 1986, Mexico acceded to the GATT following the negotiation with the United States of terms of accession that will guarantee greater access to the Mexican market for U.S. exporters.

Hong Kong Textiles. The United States and Hong Kong reached a comprehensive agreement on textile and apparel imports on June 30, 1986, limiting growth of Hong Kong textile and apparel imports to an average of 1% per year through 1991. This agreement also extended coverage to virtually all fibers, including ramie, silk blends, and linen.

Taiwan Textiles. On July 14, 1986, the United States and Taiwan reached a comprehensive agreement on textiles and apparel similar to the agreement reached with Hong Kong. Under this agreement, Taiwan's exports will grow by about one-half of 1% from 1985 through 1988. In addition, Taiwan agreed to reduce tariffs on more than 300 textile and apparel items by as much as 50%, providing additional market access for U.S. manufacturers.

Korea Textiles. On August 4, 1986, the United States and Korea reached a comprehensive agreement on textiles and apparel that will limit import growth to 0.8% annually through 1989. In addition, Korea has agreed to phase out its import licensing system over 3 years, providing additional market access for U.S. manufacturers.

Japan Textiles. Japan agreed to a comprehensive agreement on textiles and apparel on November 13, 1986, that will limit import growth to 0.8%

annually through 1989. In addition, Japan agreed to establish a mechanism to prevent transshipments of textiles from third countries through Japan.

Japan Computer Parts. The United States and Japan agreed on November 22, 1985, to eliminate all tariffs on trade in computer parts, and Japan agreed to eliminate tariffs on computer peripherals and central processing units.

Japan Lawyers. On April 11, 1986, the United States and Japan announced an agreement permitting American lawyers to enter the legal services market in Japan for the first time. Consultations continue on implementation of the agreement.

Taiwan Pears. Taiwan agreed to liberalize restrictions on imports of pears as of September 15, 1986.

Colombia Wine. Following representations by Ambassador Yeutter to the President of Colombia, that nation removed U.S. wines from its list of prohibited imports.

Bilateral Investment Treaties. Since March 25, 1986, President Reagan has sent to the Senate for ratification 10 bilateral investment treaties liberalizing investment policies between the United States and developing nations.

Harmonized System. On July 25, 1986, the United States presented the GATT with a new U.S. tariff schedule bearing common nomenclature negotiated in the GATT over a 12-year period. U.S. exporters will benefit from the efficiency that results when the new system is phased in by all countries.

Government Procurement Code. GATT's Committee on Government Procurement completed the first phase of renegotiating the Government Procurement Code on November 21, 1986, strengthening the code to bring the procurement practices of other signatories more into line with U.S. practices.

Improving the International Economy

President Reagan has sought an unprecedented level of coordination of international economic policies among the leading developed countries to provide a more reasonable relationship between the dollar and other currencies to assist U.S. exporters and import-sensitive industries.

Plaza Agreement. Secretary Baker and representatives of four other industrialized nations agreed on September 22, 1985, to embark on a major effort to

coordinate economic policies. The result has been a major realignment of currency exchange rates, which will begin to alter our trade imbalance soon and which has already made U.S. products and services far more competitive.

Tokyo Summit. The President achieved agreement at the Tokyo economic summit on May 6, 1986, on a

Imports from the EEC

PROCLAMATION 5601, JAN. 21, 1987¹

1. On March 31, 1986, I announced my decision, pursuant to section 301(a) of the Trade Act of 1974, as amended (the Act) (19 U.S.C. 2411(a)), to take action in response to restrictions imposed by the European Economic Community (EEC) affecting imports of United States grain and oilseeds into Spain and Portugal. I determined that these restrictions deny benefits to the United States arising under the General Agreement on Tariffs and Trade (GATT) (61 Stat. (pts. 5 and 6)), are unreasonable, and constitute a burden and restriction on United States commerce (51 F.R. 18294). Accordingly, in Proclamation 5478 of May 15, 1986 (51 F.R. 1829), pursuant to section 301 (a), (b), and (d)(1) of the Act (19 U.S.C. 2411 (a), (b), and (d)(1)), I imposed quantitative restrictions on imports of certain articles from the EEC in response to the EEC restrictions in Portugal.

2. In Proclamation 5478, I also announced my decision, in response to the withdrawal of tariff concessions and the application of the EEC variable levy on Spanish imports of corn and sorghum, to suspend temporarily, pursuant to section 301 (a), (b), and (d)(1) of the Act, the tariff concessions made by the United States under the GATT on articles described in Annex II to that proclamation. I made no immediate change in the U.S. duty rates for these articles in order to afford the EEC an opportunity to provide, by July 1, 1986, adequate compensation for the imposition of variable levies on imports of corn and sorghum into Spain. I further stated that, in the event such compensation were not provided by July 1, 1986, I would proclaim increased duties for these articles as appropriate. Having due regard for the international obligations of the United States, I decided that any such increased duties on these articles would be applied on a most-favored-nation basis.

3. On July 2, 1986, the United States and the EEC reached an interim agreement whereby the EEC agreed to take measures to avoid harm to U.S. sales of corn and sorghum to the EEC for the 6-month period ending December 31, 1986. In return, the United States agreed to defer action on the imposition of increased duties on imports of certain articles into the United States during this period so as to allow time for negotiation of a definitive settlement.

package of reforms that will improve the international monetary system and provide a more stable international economic environment.

¹The completed transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

4. Despite extensive negotiating efforts throughout 1986, the EEC has not yet agreed to provide satisfactory compensation. Accordingly, I have determined, pursuant to section 301 (a), (b), and (d)(1) of the Act, that increased duties should be imposed on a most-favored-nation basis on the articles provided for in the Annex to this proclamation. Pursuant to general headnote 4 to the Tariff Schedules of the United States (19 U.S.C. 1202), the U.S. rates of duty for countries not receiving most-favored-nation treatment will be modified accordingly.

5. In the event that the EEC provides adequate compensation for the imposition of variable levies on corn and sorghum imports, or if other circumstances so warrant, I am authorizing the United States Trade Representative to suspend, modify, or terminate the increased duties imposed by this proclamation upon publication in the *Federal Register* of notice of his determination that such action is in the interest of the United States. Such suspension, modification, or termination shall be on a most-favored-nation basis.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, acting under the authority vested in me by the Constitution and the statutes of the United States, including but not limited to section 301 (a), (b), and (d)(1) and section 604 of the Act (19 U.S.C. 2483), do proclaim that:

1. Subpart B of part 2 of the Appendix to the Tariff Schedules of the Annex to this proclamation.

2. The United States Trade Representative is authorized to suspend, modify, or terminate the increased duties imposed by this proclamation upon publication in the *Federal Register* of his determination that such action is in the interest of the United States.

3. This proclamation shall be effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after January 30, 1987.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of January, in the year of our Lord nineteen hundred and eighty-seven, and of the Independence of the United States of America the two hundred and eleventh.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Jan. 26, 1987. ■

Finance Ministers Meet on Exchange Rates

The finance ministers and central bank governors of Canada, France, West Germany, Japan, the United Kingdom, and the United States (represented by Secretary of the Treasury James A. Baker III and chairman of the Board of Governors of the Federal Reserve System Paul A. Volcker) issued the following statement in Paris on February 22, 1987.

1. Ministers of finance and central bank governors of six major industrialized countries met today in Paris to conduct multilateral surveillance of their economies in the framework of the Tokyo economic declaration of May 6, 1986, pursuant to which the group of seven finance ministers was formed. The ministers and governors, using a range of economic indicators, reviewed current economic developments and prospects. The managing director of the IMF [International Monetary Fund] participated in the discussions.

2. The ministers and governors were of the view that further progress had been made since the Tokyo summit in their efforts to achieve a sustainable, noninflationary expansion, and the prospects are for continued growth this year, although the level of unemployment remains unacceptably high in some countries. A high degree of price stability has been attained, and there have been substantial reductions in interest rates. Exchange rate adjustments have occurred which will contribute importantly in the period ahead to the restoration of a more sustainable pattern of current accounts.

3. Progress is being made in reducing budget deficits in deficit countries, and fundamental tax reforms are being introduced to improve incentives, increase the efficiency of economies, and enhance the prospects of higher growth. Other important structural reforms are also being carried forward, including deregulation of business to increase efficiency and privatization of government enterprises to strengthen reliance on private entrepreneurs and market forces.

4. These positive developments notwithstanding, the ministers and governors recognize that the large trade and current account imbalances of some countries pose serious economic and political risks. They agree that the reduction of the large unsustainable trade imbalances is a matter of high

priority and that the achievement of more balanced global growth should play a central role in bringing about such a reduction.

5. The ministers and governors reaffirmed their concern over continuing pressures for protectionism. They agreed that efforts to deal with economic problems by erecting trade barriers were self-defeating and pledged to intensify their efforts to resist protectionism and reaffirmed their strong support for the next round of trade negotiations. They welcomed the progress made in the preparatory work for the new GATT [General Agreement on Tariffs and Trade] round and the recent positive conclusions of discussions between the United States and the European Community on bilateral trade issues.

6. The ministers and governors recognized that the major industrial countries have a special responsibility to follow policies which foster an open, growing world economy in order to support the efforts of developing countries, especially debtor countries, to restore steady growth and viable balance-of-payments positions. They noted that the progress achieved by many debtor countries toward these have not solved all the problems and stressed the importance of all participants in the strengthened debt strategy reinforcing their cooperative efforts.

7. The ministers and governors agreed to intensify their economic policy coordination efforts in order to promote more balanced global growth and to reduce existing imbalances. Surplus countries committed themselves to follow policies designed to strengthen domestic demand and to reduce their external surpluses while maintaining price stability. Deficit countries committed themselves to follow policies destined to encourage steady, low-inflation growth while reducing their domestic imbalances and external deficits. To this end, each country has agreed to the following undertakings.

The Government of **Canada's** policy is designed to sustain the current economic expansion through its fifth year and beyond. In the budget for 1987-88, the government has cut the fiscal deficit for the third consecutive year and remains committed to further progressive reduction. Canada will propose shortly an extensive reform of its tax system. It will continue with its

policies of regulatory reform, privatization, and liberalization of domestic markets. It will vigorously pursue trade liberalization bilaterally with the United States and multilaterally within the Uruguay round [of multilateral trade negotiations]. Monetary policies will continue to aim at the reduction of inflation and be consistent with orderly exchange markets.

The Government of **France** will reduce the central government budget deficit by 1% of GNP [gross national product] from 1986 to 1988 and in the same period will implement a tax cut program of the same order of magnitude (1% of GNP) with substantial tax rate cuts for corporations and individuals. It will pursue in 1987 its privatization program (with a projected \$6,000-7,000 million sale of assets) and reinforce the liberalization of the French economy especially of labor and financial markets.

The Government of the **Federal Republic of Germany** will pursue policies to diminish further the share of the public expenditures in the economy and to reduce the tax burden for individuals and corporations with a comprehensive tax reform aimed at reinforcing the incentives for private-sector activity and investment. In addition, the government will propose to increase the size of the tax reductions already enacted for 1988. The federal government will emphasize policies that enhance market forces in order to foster structural adjustment and innovation. Short-term interest rates, although already at a very low level in international comparison, have further dropped substantially during the last few weeks. Monetary policy will be directed at improving the conditions for sustained economic growth while maintaining price stability.

The Government of **Japan** will follow monetary and fiscal policies which will help to expand domestic demand and thereby contribute to reducing the external surplus. The comprehensive tax reform, now before the *Diet*, will give additional stimulus to the vitality of the Japanese economy. Every effort will be made to get the 1987 budget approved by the *Diet* so that its early implementation be ensured. A comprehensive economic program will be prepared after the approval of the 1987 budget by the *Diet*, so as to stimulate domestic demand, with the prevailing economic situation duly taken into account. The Bank of Japan announced that it will reduce its discount rate by ½% on February 23.

The United Kingdom Government will maintain conditions for continuing the steady growth of GNP of the past 5 years and will continue to work to reduce inflation by following a prudent monetary policy. On external account, the aim will be broad balance over the medium term. The share of public expenditure in the economy will continue to fall, and the burden of taxation will be reduced, while public sector borrowing is maintained at low level. These and other measures to strengthen the supply performance of the economy, such as the privatization program, will reinforce improvement over recent years in the growth of productivity.

The United States Government will pursue policies with a view to reducing the fiscal 1988 deficit to 2.3% of GNP from its estimated level of 3.9% in fiscal 1987. For this purpose, the growth in government expenditures will be held to less than 1% in fiscal 1988 as part of the continuing program to reduce the share of government in GNP from its current level of 23%. The United States will introduce a wide range of policies to improve its competitiveness and to enhance the strength and flexibility of its economy. Monetary policy will be consistent with economic expansion at a sustainable non-inflationary pace.

8. The ministers and governors noted that a number of newly industrialized economies were playing an increasingly important role in world trade. These economies have achieved strong growth based significantly on their access to open, growing export markets. Recently some have accumulated trade surpluses which have contributed importantly to the present unsustainable pattern of global imbalances, thus increasing protectionist pressures. The ministers and governors considered that it is important that the newly industrialized developing economies should assume greater responsibility for preserving an open world trading system by reducing trade barriers and pursuing policies that allow their currencies to reflect more fully underlying economic fundamentals.

9. The ministers and governors also agreed to additional refinements in the use of economic indicators for the multilateral surveillance arrangements approved in the Tokyo economic declaration. As part of these refinements, they will:

- Periodically review medium-term economic objectives and projections involving domestic and external variables. The medium-term objectives

and projects are to be mutually consistent and will serve as a basis for assessing national policies and performance and

- Regularly examine, using performance indicators, whether current economic developments and trends are consistent with the medium-term objectives and projections and consider the need for remedial action.

Initially, the objectives and projections will involve the following key variables: growth, inflation, current accounts-trade balances, budget performance, monetary conditions, and exchange rates.

U.S. International Trade

WHITE HOUSE STATEMENT, DEC. 30, 1986¹

The President today is taking trade policy actions on two cases involving the unfair practices of our trading partners. The first case involves agricultural trade with the European Communities (EC). The President announced today that he is increasing import duties on U.S. imports of certain European agricultural products in direct response to the failure of the European Communities to offer adequate compensation for lost U.S. feedgrain exports to Spain. He has directed U.S. Trade Representative Clayton Yeutter to prepare a proclamation imposing 200 duties on some \$400 million of EC exports by no later than January 30, 1987.

The President's action follows the expiration of an interim agreement concluded last July with the EC, intended to allow time until the end of 1986 to reach a permanent compensation arrangement for U.S. exports of feedgrains to Spain. However, the EC failed to offer acceptable compensation in the negotiations.

The President expressed regret that the European negotiators had not shown sufficient flexibility to reach a satisfactory settlement, despite the additional 6 months the United States had allowed for the negotiations. He indicated that the time had come to respond in kind to

10. The ministers and governors agreed that the substantial exchange rate change since the Plaza agreement will increasingly contribute to reducing external imbalances and have now brought their currencies within ranges broadly consistent with underlying economic fundamentals, given the policy commitments summarized in this statement. Further substantial exchange rate shifts among their currencies could damage growth and adjustment prospects in their countries. In current circumstances, therefore, they agreed to cooperate closely to foster stability to exchange rates around current levels. ■

the European measures, in accordance with U.S. rights under international rules of the General Agreement on Tariffs and Trade (GATT). Therefore, U.S. duties on certain agricultural products will be set at 200%. The U.S. Trade Representative has been directed to monitor the effects of the U.S. action to ensure that they match the damage caused by the EC restrictions.

The President reaffirmed that the United States would prefer a negotiated solution rather than having to resort to trade restrictive actions to resolve disputes and hopes that a settlement can be reached prior to the imposition of duties. He further indicated that the United States is prepared to restore the pre-existing tariff rates at any time that there is agreement with the European Communities to provide adequate compensation for U.S. feedgrain losses.

The second case involves the pending Section 301 case against the Government of Brazil for acts, policies, and practices involving restrictions on informatics trade and investment and denial of adequate and effective intellectual property protection. Brazil has recently announced measures to improve the administration of its informatics law and narrow the scope of its market reserve. Specifically, Brazil has agreed to establish an *ad hoc* group to review specific U.S. company complaints, has promulgated some administrative

Poland

PRESIDENT'S STATEMENT, DEC. 12, 1986¹

Five years ago, on December 13, 1981, the people of Poland were subjected to martial law. Once again, as so often in their proud history, Polish patriots faced a cruel setback in their quest for human rights. That day will be remembered as a dark day in the heroic but tragic history of Poland. It is a day of painful memories for the families of Solidarity members who suffered much these past 5 years—many lost lives, were jailed, or had to live in hiding, separated from their wives, husbands, and children. My heartfelt thoughts remain with them.

America will never be indifferent to the future of Poland. Special ties of kinship, worship, and love of liberty, and the contribution of Poles to American independence and progress, remind us forever that our peoples share a faith in freedom, spiritual strength, and human dignity.

After the imposition of martial law in 1981, the United States sought ways to express our solidarity with the Polish people. We welcome the recent amnesty of most political prisoners. This important step, however, does not solve all problems facing Poland today. They can be overcome only with the participation and support of the Polish people. We hope, therefore, that the amnesty will be an important first step toward a meaningful dialogue between the Polish people and their government. To encourage this process, we decided to enter into dialogue with the Polish Government. We truly hope that future developments will allow improvement in the relationship between both governments.

On this anniversary, we commemorate the sacrifices and the great spiritual strength of the courageous Polish people, and we look to a future in which their heritage can breathe freely for the good of Poland.

PRESIDENT'S STATEMENT, FEB. 19, 1987²

Five years ago I asked all Americans to light a candle in support of freedom in Poland. During that Christmas season of 1981 candles were lit in millions of American homes. We had confidence that the spirit of freedom would continue to shine in the darkness that martial law

had brought to that brave country. As Americans, we were showing solidarity with Solidarity.

Symbolic gestures were not enough. Economic and other sanctions were imposed on Poland in response to the repression that descended on the Polish people as a result of martial law. Our message was that America would not passively stand by while a grand experiment in freedom was brutally smashed in Poland. If the Polish Government wanted a decent relationship with the United States, we made it clear they would have to lift martial law, release the political prisoners, and enter into a real political dialogue with Polish society.

Today, more than 5 years later, the light of freedom continues to shine in Poland. The commitment and sacrifice of hundreds of thousands of Polish men and women have kept the flame alive, even amid the gloom.

In 1983 martial law was lifted and thousands of political prisoners have been freed in a series of amnesties. Since the final amnesty last September, no one has been arrested on political charges in Poland. Yet there is still far to go. The threat of arrest still hangs over those who seek their freedom.

The right to genuinely independent trade unions is still stifled. Independent political activity continues to be repressed by various governmental measures. National reconciliation remains a dream, a goal for the future, rather than a reality of today.

I continue to believe, as do the Polish people, that it is a possible dream. The church in Poland has greeted the major amnesty of political prisoners last September as a significant step by the Polish Government. In response to that amnesty, we initiated a step-by-step process of expanding our dialogue with the Government of Poland. In our dealings with Polish authorities, we have made one point clear: the continuation of better relations between our countries, and their further improvement, will be possible only if we see maintained the spirit and principle of the amnesty and a reliance on dialogue and respect for human rights. Only through genuine and meaningful reconciliation can the plight of the Polish people be alleviated. We will be watching to see that further steps are taken toward national reconciliation

reforms, and has liberalized the importation of some previously restricted informatics products, subject to periodic revision. As a result of these positive undertakings, the President has decided to suspend the procedural and administrative reforms parts of the Section 301 case and to monitor Brazil's implementation of those reforms.

The President has also determined that while Brazil's investment environment is improved, it is not yet fully open to U.S. investment opportunities. In addition, the Government of Brazil has recently submitted legislation which provides some intellectual property protection for computer software, but the legislation has numerous features inconsistent with international standards.

The President has, therefore, decided to delay further U.S. remedial action for 6 months to monitor Brazilian progress in making necessary improvements in the investment climate and to secure passage of intellectual property legislation consistent with international standards. Thus, action on both the investment and intellectual property portions of the Section 301 case will be postponed until July 1, 1987.

In addition, the President has instructed U.S. Trade Representative Clayton Yeutter to conduct a series of public hearings on Brazil's informatics policy and to solicit private sector recommendations as to what further action could or should be taken to foster the opening of the Brazilian informatics market. The scheduled dates of the hearings will be published in the *Federal Register* 30 days prior to event.

¹Text from Weekly Compilation of Presidential Documents of Jan. 5, 1987. ■

in Poland and that the progress made is not reversed.

Significantly, the leaders of Solidarity and of the Catholic church in Poland agree that this is the right course for us to take. They have now urged us to lift our remaining economic sanctions in order to encourage further movement in the right direction. In considering this question, I have drawn on a broad cross-section of view. We have been in touch at the highest levels with the Polish Government, with the church, and with Solidarity. We have also consulted with our allies.

After careful review, I have decided that the economic sanctions imposed in December 1981 and October 1982 should be rescinded, and I am accordingly restoring most-favored-nation tariff treatment for Poland and lifting the ban on Poland's eligibility for official U.S. credits and credit guarantees. We have always worked closely with our allies on issues concerning Poland, and they have sent messages of support for this step forward.

I am honored by the expression of concern from distinguished Members of Congress, leaders of the Polish-American community in this country, and Solidarity. Together we underscore the heartfelt concern of our citizens about Poland. Let no one doubt our brothers and sisters who struggle to build a freer and more humane Poland, or our resolve to stand by them.

As it was in 1981, freedom is precious to us. The slogan of the Polish independence struggle of the last century was: "For Your Freedom And Ours." That is our slogan, too. And it is more than a slogan; it is a program of action.

Today is the first step, a big step. Our relations with Poland can only develop in ways that encourage genuine progress toward national reconciliation in that country. We will be steady. We will be committed. The flame that burns in the hearts of the Polish people, a flame represented by the candles we lit in 1981, that flame of justice and liberty will never be extinguished.

¹Text from Weekly Compilation of Presidential Documents of Dec. 15, 1986.

²Text from Weekly Compilation of Presidential Documents of Feb. 23, 1987. ■

30th Report on Cyprus

MESSAGE TO THE CONGRESS, JAN. 29, 1987¹

In accordance with Public Law 95-384, I am submitting to you a bimonthly report on progress toward a negotiated settlement of the Cyprus question.

During this period U.N. Secretary General Perez de Cuellar continued his mission of good offices to achieve a negotiated Cyprus settlement. U.N. Under Secretary General Goulding visited Cyprus from November 6 to 12 to follow up on the Secretary General's discussions with Greek and Turkish Cypriot leaders in September and to explore with them how best to move forward.

According to the Secretary General's December 2 report to the Security Council on the U.N. operation in Cyprus (enclosed), Mr. Goulding discussed with the two Cypriot sides the Secretary General's approach to his mission of good offices and his effort to help the two parties achieve a negotiated settlement. He told the parties that the Secretary General was determined to pursue his efforts, preserving all that had been achieved so far and building on it for future progress.

The two Cypriot sides reiterated to Mr. Goulding their positions on the draft framework agreement submitted by the Secretary General last March. They also expressed their support for the Secretary General's good offices mission.

Mr. Goulding also visited Ankara and Athens and informed the Turkish and Greek governments of his discussions in Cyprus.

Mr. M. James Wilkinson, the U.S. Special Cyprus Coordinator, visited Cyprus January 19 to 22 and met with President Kyprianou and Mr. Denktash. Mr. Wilkinson reiterated during his discussion our sincere interest in progress toward a just and lasting Cyprus settlement and our support for the efforts of the U.N. Secretary General to reach that goal. We are continuing our consultations with the Secretary General and with the parties to help them find ways to move forward.

Sincerely,

RONALD REAGAN

¹Identical letters addressed to Jim Wright, Speaker of the House of Representatives, and Claiborne Pell, chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of Feb. 2, 1987). ■

Vienna CSCE Followup Meeting Resumes

PRESIDENT'S STATEMENT, JAN. 26, 1987¹

The followup meeting of the Conference on Security and Cooperation in Europe (CSCE) resumes its important work tomorrow in Vienna. It is charged with taking stock of developments in the "Helsinki process" and with charting the path ahead.

The United States has worked energetically and in concert with our NATO allies to support full implementation of the Helsinki Final Act. All CSCE states must fulfill their commitments if we are to realize the promise of a more secure peace with respect for human rights and with greater cooperation among all the peoples of Europe and North America.

Progress has been achieved in some areas, but the human rights situation within the Soviet Union and other nations of Eastern Europe remains tragic. The resolution of some prominent individual cases is welcome, and we hope it will continue. However, sporadic gestures must be expanded into universal practice. Our attention must not be diverted from the severe abuses of human rights that persist. During the

last round of the Vienna meeting, the United States and other allied delegations documented in detail failures by the Soviet Union and its Warsaw Pact allies to keep their Helsinki promises, particularly on human rights.

Looking ahead, the United States continues to believe that the credibility of the CSCE process depends on fulfillment of commitments already undertaken. We seek signs that the East is prepared to take actions—and not just offer words—to solve such problems as the treatment of Helsinki monitors and other political prisoners, divided families and spouses, persecution of religious believers, denial of the right of emigration, and radio jamming. Significant progress on these issues would establish the basis for a constructive and balanced outcome at Vienna. Such an outcome would not only give renewed impetus to the Helsinki process but also mark a welcomed step forward in overall East-West relations. I have instructed Ambassador Warren Zimmerman, chairman of the U.S. delegation, to work toward these important goals.

¹Text from Weekly Compilation of Presidential Documents of Feb. 2, 1987. ■

Maintaining the Momentum in U.S. Foreign Policy

by John C. Whitehead

Address before the Mid-America Committee on February 25, 1987. Mr. Whitehead is Deputy Secretary of State.

Today, I'm going to talk about some of our toughest foreign policy problems, which aren't on the front pages of the newspapers. That rules out Iranian connections and contra funding—not because they aren't important topics in their own right but because we shouldn't allow ourselves as a nation to become so preoccupied with the details of this problem that we lose sight of even more basic foreign policy challenges facing us.

I'd like to remind you of the most important of these challenges—how we deal with our adversaries, how we cooperate with our friends, and how we strengthen the stability of peace.

My message is simple; right now the United States has much going for it in all of these areas. In recent years, we have made important progress in halting destabilizing trends and in laying the groundwork for a safer and more secure world.

Our immediate task is to keep this up and to build upon our progress. But that isn't always as easy as it sounds. Indeed, we may be on the verge of throwing away these gains by succumbing to the temptations of a neo-isolationism.

Opportunities for the U.S.

Throughout our history, Americans have had recurrent difficulty in holding to a steady course in foreign affairs. As a people, we have tended to extremes—either rushing into broad, ambitious overseas commitments or retreating into a defensive isolationism.

These pendulum swings in our approach to the world do not serve U.S. interests. We can no longer afford the luxury of inconsistently picking and choosing among our involvements abroad. We need to demonstrate reliability in our commitments.

For that reason, this Administration has sought to move our diplomacy away from a pattern of periodic cycles of

involvement and withdrawal. Our goal has been to affirm and reinforce a basic steadiness and consistency in the conduct of our foreign policy.

That effort is working. We are beginning to see important results. This is not a question of dramatic breakthroughs; it is the result of sustained effort.

Through firmness and realism, we have been able to embark on a new high-level dialogue with the Soviet Union—not just on arms control but on the full agenda of issues between us. And for the first time in our history, we now have a realistic prospect of negotiating substantial reductions in the nuclear arsenals of both sides.

Similarly, we have sought to reinvigorate our dialogue with the nations of Eastern Europe. The Secretary has asked me to take a special interest in our relations with these countries. I recently visited Romania, Hungary, Yugoslavia, Poland, Czechoslovakia, and Bulgaria. Despite the obvious differences between the internal and foreign policies of these countries and our own, I'm convinced of the special importance of broadening our political exchanges with them on issues of mutual concern—and, in the process, making clear U.S. views on such basic issues as arms control and human rights.

In the developing world, we are working to support a remarkable resurgence of democratic governments—most notably in Latin America, where the percentage of the population living under democratic rule has grown from 30% in 1979 to 90% today. We are extremely pleased that the Philippines has recently joined the lengthening list of democracies. We are actively seeking to promote negotiated peaceful solutions to regional conflicts—in the Middle East, southern Africa, and Central America—as well as to help countries around the globe resist the threat of aggression.

On the economic front, there is now a greater appreciation of the need for the major industrialized nations to work together and with the less developed countries in support of broadly based economic growth, more open trade and investment, and greater exchange rate stability.

We are also seeing an encouraging trend toward greater confidence in free

market-oriented solutions to the problems of economic growth. We now find, almost everywhere in the world, movements to decentralize, deregulate, and denationalize. At the economic summits, for example, all the leading industrial nations have acknowledged that structural rigidities imposed by governments are the main obstacles to renewed growth. Even in the communist world, reforms in China and Hungary demonstrate a growing recognition that entrepreneurial initiative in a market environment is the engine of development and growth.

All of this represents important progress, but these are problems that transcend any single administration. Our ability to respond effectively to these and other challenges to our security and well-being over the next 2 years and beyond will depend on much more than the political fortunes of the White House this week or next.

Rather, they are going to require a sustained bipartisan commitment to devote sufficient resources to the diplomacy supporting our foreign policy objectives. And it is in this area that I am especially concerned.

The Foreign Affairs Resource Crisis

There are, of course, efficiencies and savings that we can and should pursue in the conduct of our foreign policy. I can assure you that we are energetically doing so. This will continue as a basic priority of the Department of State.

But the hard question for us, today, is whether we should succumb to the temptation of letting politically expedient, immediate budget cuts in the foreign affairs field drive our larger, longer term policy interests.

This problem appears most starkly in the unrelenting assault on our foreign affairs budget. Last January, President Reagan submitted to Congress an international affairs budget for fiscal year 1987 that we had stripped to the bone. It amounted to less than 2% of the total Federal budget.

That minimal request was cut by the Congress by 20%, a reduction with far more threatening effects than even that

substantial percentage implies. After congressional earmarkings and other constraints on our spending are taken into account, the bulk of our foreign affairs operations is now being cut by a third and security assistance by about 50%.

Let me be clear about the dangers of this penny-wise, pound-foolish policy. The deep cuts in our foreign affairs resources are now dangerously widening the gap between our interests and our capabilities for pursuing them. Here are just a few examples.

Combating Narcotics Trafficking.

In recent months, we've seen extraordinary concern in this country about the dangers of illegal drugs. That concern is legitimate and long overdue. But even this concern is falling victim to false economizing. It is not simply a question of funds to enforce the law, to eradicate crops, and to educate people to the dangers of narcotics. There is a second side to the world drug problem—one that involves the political and economic realities of crop-producing countries. You can't just force peasants—many of them impoverished—to stop growing their best cash crop without offering them some sort of economic alternatives.

Similarly, you can't expect the governments of these nations—many of them desperately poor and politically weakened from within by the gangsterism endemic in the narcotics trade—to launch major programs without the economic resources necessary to sustain them. Yet, to take an important example, aid for the Andean countries—Bolivia, Colombia, Ecuador, and Peru—will be practically eliminated by the draconian budget cuts recently enacted by Congress.

Supporting Democratic Transitions. Over the past few years, we have seen our influence constructively at work in the Philippines, in Haiti, and across the continent of Latin America. But democratic transitions in these regions are fragile. They require our political and economic support. Help means money, and money is not in this foreign affairs budget.

We are sometimes told that such foreign assistance is vulnerable on the Hill because "it doesn't have a constituency." To my mind, that sort of thinking is dead wrong. This assistance helps these countries develop more healthy economies and helps us maintain close relations with them. These are often countries where we have bases vital to our defense and to the security of our allies. That should be important to all sectors of the American body politic. With a little support, they can also grow into major trading partners, which helps all of us.

Third World Debt. Recently, we have seen increased attention to the growing problem of Third World debt. Right now we have a plan—the Baker plan—that is a constructive approach to encouraging growth in the developing countries so that they can do more to help themselves, provide a better market for our products, and get over their welfare dependency on the West.

Obviously we need money to get the plan into action. But we're supposed to cut a third of our funding for the multilateral banks on which the plan depends. That's exceptionally shortsighted—we can all imagine the costs of a Third World debt collapse.

And I could cite many more examples.

What Is To Be Done

As you can see, arms sales to Iran aren't our only foreign policy problem. The really tough foreign policy problems are longer term in nature. If Americans are becoming unwilling or uninterested in devoting adequate resources for our foreign policy, much of the current debate over specific Administration policies may become academic.

The serious mismatch between our policies and our resources creates vacuums that others can—and will—exploit to their own advantage. And it encourages confusion among friends and adversaries alike about the scope and aims of American policy.

The particularly disturbing fact for me is that we've seen all this before; yet apparently we have forgotten the lessons of the 1930s. But today's pressures for withdrawal from the world add up to isolationism with a dangerous difference. As America's power in the postwar world has grown at an exponential rate, so, too, have the risks of indifference.

For nearly half a century, the United States has shouldered its responsibilities as leader of the free world and the champion of those struggling to join us. Through our efforts, we have made enormous gains in advancing our own interests and our ideals. Our prosperity, our technological dynamism, the vitality of our alliances are all making us a force for progress as never before.

America holds a winning hand—if only we persevere. We must not permit our capacity for constructive leadership to atrophy for lack of adequate funding. ■

1986 Human Rights Report Released

Following is a statement by Assistant Secretary for Human Rights and Humanitarian Affairs Richard Schifter on February 19, 1987.

When I appeared here a year ago on the occasion of the release of the human rights reports for 1985, many of the questions posed focused on the Philippines. The election had just taken place, the votes were being counted, and President Marcos was still in power. I suggested at that time that we place our confidence in the people of the Philippines. The events of the last year have demonstrated that the people of the Philippines have, in fact, come through. There are a great many problems still ahead, but democracy and respect for human rights have once again established firm roots in the Philippines.

The year 1986 also brought an end to dictatorship in Haiti. An elected government is not as yet in place there, but the National Governing Council has effectively guaranteed freedom of expression and association in Haiti. Steps are being taken to build democratic institutions in a country which has not known them before. According to the present timetable, an elected government is expected to be in place by February 1988. That is not to say that problems of governmental structure are the only problems facing Haiti. There is, above all, the difficulty posed by the country's poverty and weak economy. A great deal will still have to be done to place Haitian democracy on a sound footing.

Another country in which significant human rights progress was noted in 1986 was Guatemala. In an orderly transition from a military regime to the first democratically elected civilian government in 20 years, President Cerezo, a national legislature, and 330 mayors—all chosen in the 1985 elections—took office on January 14, 1986. Although Guatemala, too, is beset with problems arising out of economic difficulties, random acts of violence, and the aftermath of past human rights abuses, its new democracy has earned it respect and recognition.

Elsewhere in the Western Hemisphere, we continue to be concerned about human rights problems in Chile, Cuba, Nicaragua, Paraguay, and Suriname, all of which is spelled out in the report.

The most troubling development on the human rights scene in 1986 was, of course, the sharp deterioration of human rights conditions in South Africa over the last half of the year. To the longstanding problem created by apartheid, there was added last year the new state of emergency imposed on June 12, 1986, which has been steadily tightened since then. It has been estimated that 20,000 persons were detained under the state of emergency and that 10,000 remained in detention by the end of the year. A great many of the detained persons are under the age of 18, some even under the age of 15.

We continue to be deeply concerned by South Africa's denial of basic human rights to a majority of its citizens. We continue to see dialogue among all South Africans as the only way to effect positive change. The experience of the last year has, we believe, demonstrated that violence results in counterviolence and repression, which causes more violence and more repression—all at a terrifying human cost. We deeply hope that South Africans can turn from the self-destructive course on which they seem to have embarked and rededicate themselves to the search for a peaceful solution.

In Europe we noted with satisfaction the release of Poland's political prisoners.

Although our comprehensive report covers the year 1986, we cannot, at this time, totally ignore developments in the area of human rights since the beginning of this year. Let me, therefore, touch briefly on recent events in the People's Republic of China and in the Soviet Union.

The Government of the People's Republic of China, some years ago, made certain basic decisions to improve the efficiency and productivity of its economy. It came to the clearly correct decision that a more decentralized and open system—a system based on incentives—was needed to improve production. Political openness was not joined into this new economic openness. It has, however, gradually developed as an inevitable consequence of the relaxation of controls. It has also, understandably, whetted the appetite of a good many, particularly of young people who have shown a new zest for freedom of expression. This new zest was clearly in evidence in the recent demonstrations.

We regret the steps that have been taken constitute steps back, but we sincerely hope that in due time the trend toward greater openness and greater freedom will be in evidence again.

We have the same hopes for the Soviet Union. We do not believe that history has condemned any people to eternal autocratic rule. The natural human desire for freedom must inevitably come to the fore, whatever the governmental creed or cultural inhibitions might be. Having said that, let me emphasize that it is critically important that we assess the recent initiatives by General Secretary Gorbachev correctly. We should neither underestimate what has happened nor should we overestimate it. In a speech which I gave in Chicago a few days ago, I dwelled on this subject at some length [see p. 38]. The point I sought to make there, to summarize it briefly, was that the release of persons from prison prior to the end of the term for which they had been sentenced is to be welcomed on purely humanitarian grounds. It ends the suffering of the persons directly affected, their families, and their friends. Similarly, the policy of *glasnost* has expanded the scope for cultural expression somewhat, provided a somewhat greater range of information about events inside the Soviet Union, and allowed somewhat more breathing space for a great many average Soviet citizens. But it is not freedom yet, not by a long shot.

We note, moreover, that the prisoners who were released were pressured to sign admissions of guilt and promises that they would not engage in antigovernment activities. Many political and religious prisoners remain incarcerated.

Copies of the Report

Country Reports on Human Rights Practices for 1986 was submitted to the Senate Foreign Relations Committee and the House Foreign Affairs Committee by the Department of State in February 1987. Copies of this 1,356-page document may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, for \$31.00. When ordering, please use exact title and Stock No. 052-070-06253-3. ■

Moreover, as the Soviet Union has not as yet embarked on a program of economic reform of the kind which is now in evidence in China, we cannot in the Soviet case speak as yet of political changes which will inevitably accompany a relaxation of economic controls. There is, to be sure, some talk of a new approach to economic enterprise, of another look at the Hungarian model. But so far it is only talk.

There has been expectation—and occasionally vague hints have been dropped—that improvements in emigration figures are in the offing. Yet, for the last 15 months, month after month, the emigration figures remained at extraordinarily low levels, rarely exceeding 100. The January 1987 figure, for example, was 98. We need to add that a new Soviet law promulgated in 1986 restricts the pool of persons that might qualify for emigration, in violation of the Helsinki Final Act, to persons who have spouses, children, parents, or siblings abroad. But even within this narrow group, only a very small number have so far been allowed to leave. ■

The Reality About Human Rights in the U.S.S.R.

by Richard Schifter

Address before the National Strategy Forum in Chicago on February 16, 1987. Ambassador Schifter is Assistant Secretary for Human Rights and Humanitarian Affairs.

Of all the questions that can be posed about human rights conditions throughout the world, none has, in recent days, been asked more often or is more intriguing than the question: "What's going on in the Soviet Union?"

There is no doubt that interesting events relating to the state of human rights in the U.S.S.R. have been happening recently. The release and deportation of Shcharanskiy and Orlov can be written off as parts of arrangements under which our side released spies. But there was no clear *quid pro quo* from the West for the return of Andrey Sakharov to Moscow, the release of the poet Irina Ratushinskaya, the decision not to impose a prison term on the Crimean Tatar leader Mustafa Dzhemilev, and, most recently, the release of a significant number of political prisoners. In Moscow, plays and films that are critical of certain aspects of past or present conditions in the Soviet Union are shown to limited audiences. Rumors abound that previously published books will now appear in print. There are serious students of Soviet affairs who believe that the events that I have just recited are harbingers of the far-reaching and most significant changes that Mikhail Gorbachev will institute in the Soviet system. There are others who hold to a more jaundiced view.

Trying to determine what motivates the leadership of the Soviet Union in effecting changes in policy is by no means an easy task. The decisions are clearly made at the highest level, in the Politburo. These meetings are not open to the general public, nor are transcripts or summaries of its deliberations ever made available to the outside world. And in Soviet society, we don't even have leaks. Therefore, we can try to fathom the thinking of the Soviet leaders only by reading their speeches, statements, and the reports of foreigners who have had conversations with them. For the rest of it, we must fall back on educated guesses. It is with that caveat clearly underlined that I would like to offer you

my interpretation of recent developments in the Soviet Union as they relate to respect for human rights.

Democracy and the Russian Revolution

Let me begin by asking what is it that makes us, both as a political entity and as individual citizens, respect the rights of our fellow men—the right to life, to liberty, and to personal dignity. It is, I submit to you, above all, our religious tradition—principles such as the Ten Commandments and the Golden Rule—that provide the framework within which most of us act most of the time, both in our private and, in the case of government officials, in our official capacities as well.

To this religious tradition we must add the fundamentals of our secular approach to government, an approach stemming from the philosophers of the Enlightenment, so magnificently summarized by Thomas Jefferson in the initial passage of our Declaration of Independence. What Jefferson stated there with the utmost clarity are our ideas of the inalienable rights of the individual, of limited government, and of government only with the consent of the governed.

Now let us examine where the Soviet Union stands on these propositions. The ideas of the Enlightenment did, indeed, penetrate into that country. The Empress Catherine II expressed an interest in them. And, in the 200 years since her reign, the ideals of Western civilization have, by no means, been unknown in Russia. Admittedly, though, the penetration has been shallow. Beyond that and, most importantly, as far as the outlook of the Soviet leadership is concerned, Lenin, the founder of the Soviet state, totally rejected the concepts of the rights of the individual. The Russian Social Democratic Party, it should be recalled, was united in its espousal of Marxism. But Lenin divided it precisely on the issue of the methods of seizing and maintaining power, repudiating any notion of the rights of the individual and of government by consent of the governed. The very reason for the existence of the Bolshevik Party and, ultimately, the communist international movement united in the Third International was its complete rejection

of the concepts of democracy as they had developed in Western civilization in the wake of the Enlightenment.

The fact that Western notions of democracy were neither foreign to Russia nor lacked popular support in that country was borne out by the results of the first relatively free elections to a Russian parliament. Both the first and second Dumas, elected in 1906 and 1907 respectively, contained overwhelming majorities pledged to democracy. It is most significant, furthermore, that the election in November 1917 of a Constituent Assembly, held *after* the Bolshevik seizure of power, produced only a 24% vote for the Bolsheviks. Once again, the great majority voted for parties supporting the democratic form of government. In fact, the largest vote total in the November 1917 election was garnered by the party whose leader, Aleksandr Kerensky, had been deposed by Lenin just weeks earlier.

By the time the Constituent Assembly met in January 1918, quite a number of the elected delegates had been arrested by the Bolsheviks. Even so, when the assembly met—in spite of these arrests and in spite of the fact that Bolshevik-led troops surrounded Petrograd's Tauride Palace in which the meeting took place and were, in fact, present in the meeting hall—the Bolsheviks lost every key vote. They then withdrew from the session. Eighteen hours after the meeting had been opened, the Bolshevik soldiers forced its adjournment by simply turning off the lights. As the delegates stumbled in the dark to the doors and out into the street, they may not have known that the light had also been turned out on Russia's brief exposure to democracy. They found out a few days later when the Bolsheviks dissolved the assembly and moved on with their program to establish throughout the country a one-party dictatorship. As the words "democracy" and "democratization" are so often in use in the Soviet Union today, let us note that just a few days before he dissolved the Constituent Assembly, Lenin had delivered a speech in which he had pledged himself to fight for "our truly democratic regime" against the capitalists of the world.

The Growth of Soviet Repression

So much for Lenin's approach to the notion of government by consent of the governed. But what about the older,

religious tradition of respect for the integrity of the individual, a tradition which had reached Russia more than 900 years earlier with the arrival of Christianity. It was a tradition which many rulers had honored in the breach, but it had, nevertheless, from time to time, served as a brake on Russia's autocrats. Lenin had swept it all aside, not only by committing the state he created to virulent atheism but by insisting that the leadership of his movement banish all notions of "bourgeois morality" from its conduct of public affairs. No holds were to be barred. Every vile trick in the book could be used, all forms of brutality were in order, if it advanced the cause.

On the foundation laid by Lenin, Stalin then built the despotism uniquely associated with his name. The basic approach which justified repressive and amoral government had been well established by Lenin, and the mechanisms of repression had been put in place. But whereas Lenin was prepared to destroy and to kill for the cause, Stalin was prepared to use the existing apparatus to serve his personal ends, to destroy and kill out of vindictiveness, paranoia, and sometimes even on a whim.

Stalin died in March 1953. The reign of terror continued a few months longer under the leadership of Stalin's Minister of State Security, Lavrenti Beria. But Beria was arrested in July 1953 and executed in December. That, indeed, put an end to Stalinism *per se*. Yet Stalinoid tendencies—for that matter tendencies that date back to the Romanovs, persisted. By that I mean governmental

action which constituted brutality for brutality's sake, meanness, vindictiveness, and paranoia. In analyzing developments concerning human rights in the Soviet Union in the period since 1953, we can identify both Leninist and Stalinoid tendencies. By the former, I mean repression for a clearly recognized purpose of state. By the latter, I mean random repression designed to instill fear in the populace without relevance to a clearly defined objective.

The arrest and execution of Beria in 1953, together with the arrest and execution of other leaders of Stalin's secret police, resulted in the transfer of the secret police apparatus from the center of the Soviet bureaucracy to its margin. The secret police was still there and operating, but its fangs had been pulled. It was operating under the authority of the country's political leadership rather than as a law unto itself. It was to crack down when it was in the interest of the state to do so, not at random, not on the basis of its own whim, not as a result of an anonymous denunciation. And what we might call the rules of engagement were changed. When dealing with the general public, the secret police would use brutality more sparingly, only when clearly necessary.

Remission and Revival

As we look back, we can identify a period of remission of the Stalinoid tendency, which lasted from July 1953 to February 1977, for 23½ years. It began

Release of Soviet Political Prisoners

DEPARTMENT STATEMENT, FEB. 9, 1987¹

The United States welcomes the reported release of as many as 50 Soviet political prisoners. We have long urged the Soviet Government to live up to its obligations under the Helsinki Final Act and other international agreements on human rights, and we hope that the Soviet Government will follow up these recent moves by releasing all political prisoners and prisoners of conscience who unjustly remain in confinement or exile, without imposing any requirement that they recant their past activities, or limit future activities in support of human rights. As we have consistently

made clear to the Soviet Government, we attach the greatest importance to improvements in the field of human rights, including the right to emigrate. We hope that recent statements by Soviet officials that larger numbers of Soviet Jews are being granted exit permission will be followed by steps to allow the departure of all those who wish to exercise their right to leave. The United States will be observing future developments closely and continued positive moves by the Soviet Government in this area will have a positive impact on the climate of U.S.-Soviet relations.

¹Read to news correspondents by Department spokesman Charles Redman. ■

with the release of the hundreds of thousands of Stalin's prisoners. And it ended with the arrest of Yuriy Orlov, a well-known physicist, who had taken on the leadership of a group which had taken on the task of monitoring Soviet compliance with the human rights provisions of the Helsinki accords.

The period of 1953-77 was by no means a period in which Soviet action in the field of human rights was totally benign. To be sure, Nikita Khrushchev released Stalin's prisoners, made his famous de-Stalinization speech in February 1956, allowed the publication of Solzhenitsyn's *One Day in the Life of Ivan Denisovich*, and permitted "the thaw" to develop. But in November 1956, following Lenin's precepts, Khrushchev brutally suppressed Hungary's freedom fighters. And it was Khrushchev who ordered the execution in 1957 of Imre Nagy, a life-long communist, whom the Hungarian revolt had propelled into a leadership position. The man charged with carrying out the Kremlin's Hungary policy on the spot, incidentally, was the Soviet Ambassador in Budapest. He played a clever game of deception and, later, of ruthless suppression. He thus earned his spurs to rise to much higher office. His name was Yuriy Andropov.

It is interesting, at this time, to look back at the Khrushchev years. This was not an era in the supreme leader had ordered *glasnost* [openness]. The thaw came about because repression from above had been relaxed and, as the years went by, particularly after the de-Stalinization speech, Soviet citizens became more courageous in speaking out. The thaw came from the bottom up, not from the top down. There were a good many of us who thought at the time that the thaw had become irreversible.

It appeared that way even when Khrushchev fell in 1964 and was replaced by Brezhnev. The democratic ferment in intellectual circles was increasingly in evidence and, in time, ripened into the dissident movement. The leadership was uncertain about this new phenomenon. There were clearly some who thought that no harm could come to a Soviet state if a few dissenters spoke up, as long as they were not well organized. Others were, however, increasingly uncomfortable with the mere idea that dissenting views could not also be expressed in writing, even though such writings would be published abroad and under pseudonyms. The government response was, as a result, hesitant and unclear. The first

indication that the Brezhnev regime would place limits on any further liberalization came in 1966, with the trial of the writers Yuliy Daniel and Andrey Sinyavsky. Both of them were sentenced for writings that had been published abroad. In the years immediately following, other activists were picked up and sentenced to relatively short terms of imprisonment. Some were also committed to institutions for the mentally ill. But these governmental counter-measures were only sporadic. The dissident movement—from 1970 on, led by Andrey Sakharov—was gaining further momentum. *Samizdat* or underground literature was distributed with increasing boldness.

As the dissident movement became increasingly outspoken, an event occurred which received little notice at the time. In 1974, Yuriy Andropov, of Budapest fame, by then head of the KGB, was elevated to a seat on the Politburo. His views and those of persons close to him did not seem to have an immediate impact on the course of events. However, beginning in 1976, criticism of ideological laxness appeared in *Pravda*. There were now calls for a crackdown on the dissident movement.

The crackdown came, as I noted earlier, in February 1977. It started with the arrest of Yuriy Orlov. Shcharanskiy—arrested, tried, and convicted on a trumped-up charge of treason—followed, and then came the various other persons identified with the dissident movement as well as those who advocated unauthorized positions on religion, minority nationalities, and Jewish emigration and culture. By January 1980 when Andrey Sakharov was banished to Gorkiy, the movement he had led had been totally crushed.

The destruction of the dissident movement and the end to *samizdat* did not cause the secret police to relent. Wherever and whenever a Soviet citizen tried to raise his head to publicize unauthorized views, the heavy hand of the police state clamped down on him quickly. More persons were arrested and stood trial for anti-Soviet agitation and propaganda, which usually resulted in 7 years of imprisonment plus 5 years in internal exile, a total of 12 years, a large chunk out of a person's life. Other dissidents were committed to mental institutions.

This, then, was the state of affairs in the Soviet Union from 1977 on, during the last years of Brezhnev, during Andropov's tenure, during Chernenko's tenure, and during the first 20 months or so of the tenure of Mikhail Gorbachev.

The New Openness

And now let me get back to the question to which I referred at the outset:

"What's going on in the Soviet Union?" Andrey Sakharov has been allowed to return to Moscow. And in recent weeks, dozens of emaciated men, with close-cropped hair and wearing work-camp clothes, have arrived at Moscow train stations: political prisoners released from incarceration without having to serve their full term. Gorbachev, the newspapers tell us, has released more political prisoners than anyone since 1953-54, when Khrushchev freed the residents of Stalin's gulag. As I have just shown to you, the reason why Gorbachev was able to release a greater number of prisoners than his predecessors was that by 1987, a greater number of political prisoners had been collected in the gulag than at any time since 1954. Nevertheless, we have to ask ourselves why, after close to 2 years as General Secretary preceded by a year as heir apparent, Gorbachev has decided now on such steps as the release of significant numbers of political prisoners, the return of Sakharov, the policy of *glasnost*, and greater cultural freedom.

I recall attending, many years ago, a talk by Judge Skelly Wright of the U.S. Court of Appeals for the District of Columbia Circuit. Judge Wright had once been a segregationist. He was asked what changed his mind. He pointed to his head and said: "One day something just clicked." Did something "just click" in Mikhail Gorbachev's head?

Perhaps it did, but whatever clicked has not turned Mikhail Gorbachev into a fervent adherent of all of the provisions of the Universal Declaration of Human Rights. As it has been for close to 70 years, the Soviet Union remains a repressive police state. There has been no general amnesty of political prisoners. Article 70 of the Criminal Code of the Russian Socialist Federated Soviet Republic, making anti-Soviet agitation and propaganda a felony, is still on the books. So is article 190-1, which calls for 3-year sentences for persons guilty of defaming the Soviet state. What has been officially explained is that all cases of political prisoners were reviewed individually. Only some of them were released, after they had signed statements in which they promised not to engage any longer in the activities which caused their conviction in the first instance.

Please consider, in this context, my earlier remarks about the differences between Leninism and Stalinism. If it is clear that the dissident movement has been destroyed, if it is clear that the long-term prison sentences imposed on dissidents have frightened the population sufficiently to extinguish practically all forms of dissidence, if a prisoner is prepared to promise not to offend against the system again, why engage in the Stalinist practice of retribution? It clearly doesn't serve the cause. On the contrary, given the favorable publicity which the release of some prisoners would generate abroad, the cause is better served by effecting such releases. It could help burnish the Soviet Union's image and, thus, enhance its role in world affairs.

But what about the various other measures that are associated with the new Gorbachev leadership? What explains the policy of openness, what explains the showing to restricted audiences of hitherto forbidden plays and films?

Let me offer a theory as to the reasons for recent developments in the Soviet Union.

In 1919, after his visit to the Soviet Union, American journalist Lincoln Steffens made this statement which was quoted for many years thereafter: "I have seen the future and it works." Three-quarters of a century later, it is evident to all that Steffens saw a mirage, that the future promised by the Soviet state has not arrived, that the Soviet economic model is a failure. The fact that it is a failure, that the Soviet economy is not only not gaining on the West but is falling further and further behind, is evident even to the Soviet leadership. What that leadership seems to believe, however, is that this failure of performance is not due to deficiencies in the model prescribed by Marxist-Leninist theory but is the result of human frailty, of the inadequacies of Leonid Brezhnev and the people who were placed in office during his period of leadership. Brezhnev and the Brezhnevites are also faulted for their failure to inspire the Soviet people, to motivate them to work harder, to be more efficient and productive.

Starting with this assessment of the present difficulties, Gorbachev has pledged himself to turn matters around, to get the Soviet Union moving again. Here are some of the steps which he has decided to take.

- Throughout the entire Soviet system, officeholders who are corrupt, drunkards, inefficient, or inept, must be removed and replaced. At the highest level of government, the identification of the people who need to be removed can be made by Gorbachev and his associates personally. But how can one flush out the persons at the lower levels of the hierarchy, particularly those far removed from Moscow? For that one has to resort to *glasnost*. No longer will the Soviet officialdom be sacrosanct, shielded from any popular criticism, able to order the arrest or the commitment to a mental institution of any citizen who tries to blow the whistle on a bureaucrat. From now on, on orders from the General Secretary, Soviet citizens are to speak up to denounce the evildoers so that they can be clearly identified and replaced. *Glasnost* is to be employed to upgrade the quality of the Soviet bureaucracy.

- Though the Marxist-Leninist model must not be challenged, it is recognized that fallible men have, from time to time, instituted policies and practices which served the country ill. These, too, have to be identified. *Glasnost* covers them as well.

- Local officials have often exercised their power arbitrarily, thereby unnecessarily antagonizing Soviet citizens. The exercise of administrative discretion, therefore, must be reduced. There must be clear guidelines from the highest level of government which spell out the policies to be followed throughout the country. The rule of law must be understood and recognized. It may be repressive law, but if it is, it must come from the top, from people who have the knowledge to decide what is in the system's interest.

- The country's future in an age characterized by technological advance lies with the group which the Soviet state identifies as the "intelligentsia." That group, Gorbachev recognized, in recent times had been affected by a serious malaise, despondent about the present and the future. Something had to be done to inspire that group, get it excited about life, and, consequently, make it more productive. Applying good principles of industrial psychology, Gorbachev, perhaps on his wife's advice, appears to have focused on the area of culture as one that could, indeed, provide stimulation. We thus have news that select audiences in Moscow and Leningrad may see plays and films that

offer negative comment on current problems in the Soviet Union. Books that for years have not been allowed to be published will soon appear, such as those of Nabokov and, perhaps, even Pasternak. All of this may be enough to turn on a group which for quite some time has lived on a cultural diet of "socialist realism." But it is a far cry from cultural freedom.

All that I have described takes place in a one-party state, led by a self-perpetuating elite, an elite fully supported by a large, all-pervasive police force, which knows where the line is drawn between the permissible and the impermissible and makes sure—if necessary, with brute force—to see that everyone knows where that line is. A few days ago, the brutal treatment of persons engaged in a peaceful demonstration in Moscow at the hands of plainclothesmen reminded us all just where the line was drawn.

Conclusion

To sum up: changes have taken place in recent months in the Soviet Union, changes significant and meaningful to every single person released from prison, to his family, and to his friends. They are meaningful to Andrey Sakharov and Yelena Bonner, to their family and their many friends. They are meaningful also to those Moscow scientists, writers, and artists who can see plays that they have not been able to see before. And they are meaningful to the average citizen of, let us say, Tashkent, who can denounce some local official whose arbitrary use of power he has resented for so long.

But it isn't freedom. It is not adherence to the provisions of the Helsinki Final Act, which Leonid Brezhnev signed on August 1, 1975. Not by a long shot. Are we, nevertheless, getting there? Can we count on further movement toward an open society? I would say that we surely will *not* get there if we break out in hosannas about the events in the Soviet Union of recent months. We should note them, we should welcome them as modest steps forward, but we need to point out that compliance with the international agreements signed by the Soviet Union concerning respect for human rights requires much, much more. Only then will there be at least a chance of continuing, and far more significant, progress. ■

Human Rights, the Soviet Union, and the Helsinki Process

by Richard Schifter

Address before the "club pro wien" in Vienna on January 28, 1987. Ambassador Schifter is Assistant Secretary for Human Rights and Humanitarian Affairs.

On July 4, 1776, in Philadelphia, Pennsylvania, 56 representatives of Britain's United Colonies of North America adopted a Declaration of Independence. The Declaration had started as a draft prepared by Thomas Jefferson, a leading member of those we call our "Founding Fathers," deeply committed not only to the cause of American independence but also imbued with the thinking of the Enlightenment. Reflecting the ideals of that new age, whose appeal was increasingly falling on fertile ground in Europe, as it was in North America, Thomas Jefferson penned these immortal words:

We hold these Truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the Pursuit of Happiness—That to secure these Rights, Governments are instituted among Men, deriving their just Powers from the Consent of the Governed....

As the 56 men in Philadelphia took the decisive step to found a new nation, the city in which we meet today witnessed the 36th year of the reign of the Empress Maria Theresa. My research has not revealed whether Maria Theresa paid a great deal of attention to the activities of those revolutionaries in the relative wilderness of North America. Her concerns focused on matters far closer to home, namely the political outlook of her own son, a man of about the same age as Jefferson and clearly inspired by the same thinkers who had inspired Jefferson. To her son and co-regent, whom we know as the Emperor Joseph II, she addressed the following warning:

Among your fundamental principles the most important are: (1) the free exercise of religion, which no Catholic prince can permit without heavy responsibility; (2) the destruction of the nobility; and (3) the so frequently repeated liberty in everything.... Toleration, indifference, are precisely the means to undermine everything.... I only wish that when I die I can join my ancestors with the

consolation that my son will be as great, as religious, as his forefathers, and that he will give up his false arguments, the evil books, and the contact with those who have seduced his spirit at the expense of everything that is precious and sacred, only to establish an imaginary freedom which could... only lead to universal destruction.

Maria Theresa's efforts to redirect her son's thinking failed. In his years as sole ruler, he did, indeed, attempt to instill the ideals of the Enlightenment in the governmental institutions of his empire. But he failed and died a deeply disappointed man.

Not only at the time of the death of Joseph II but even as recently as 50 years ago, a great many observers of public affairs would have said that the ideals of the Enlightenment might be appropriate and suitable in other parts of the world but surely not here. As a matter of fact, in the 1930s, as the world increasingly looked with either fear or admiration to Nazi Germany to set the tone in international affairs, there were many who viewed the totalitarian systems then in vogue as the wave of the future.

The Nazi wave ebbed in just a matter of years, albeit at enormous human cost. And this country, once Nazi rule had ended, for more than a generation has enjoyed a government chosen by the people and respectful of their human rights. After all of the triumphs and defeats which the principles of freedom have experienced in this land since the founding of Austria's *Aufklaerungspartei* in the year 1767, a system of government which cherishes the rights of the individual is now firmly anchored here. The governmental system which Austria adopted in the post-World War II period has, indeed, provided the greatest good for the greatest number for a period unprecedentedly long in this country's history.

Systems of Government and Human Rights

I have made this brief excursion into the past to underline the simple proposition that the ideals of the Enlightenment continue to have universal applicability. I am making this point because there are some who genuinely believe in democracy and human rights, who will contend that political principles and

structures appropriate for the people of Western, Northern, and Southern Europe, and for what we might now call West-Central Europe, are somehow inappropriate for Eastern and East-Central Europe. Advocates of this view might, if pressed, concede that most of the countries of Eastern and East-Central Europe, if left to their own devices, could eventually adapt to democracy and, thus, naturally adhere to human rights. But they will argue that the country which dominates that region—the Soviet Union—still does not provide a fertile soil for the ideals which developed on this continent a quarter of a millennium ago. I submit that this view of Russian cultural inferiority is unfair and unjust.

Admittedly, cultural differences and separate historical influences do play a role in the development of varying forms of government. Admittedly, there is a longer history of repressive autocracy in Russia than there has been in other parts of Europe. And yet, who is prepared to say that history condemns a particular people to perpetual repression? What might someone speaking in the year 1788 have said about France's governmental tradition? Who would, as recently as 15 years ago, have predicted the vibrant Spanish democracy that we see existing today? And who would, on March 13, 1938, have predicted Austria's democratic rebirth only little more than 7 years later?

And let me add at this point that for me it has been a particular pleasure to work closely with representatives of Austria in international human rights meetings, both under UN auspices and in the CSCE [Conference on Security and Cooperation in Europe] process. Everyone concerned with the human rights issue deeply admires the magnificent contributions made over the years by [UN Special Rapporteur for Religious Intolerance] Professor Felix Ermacora. And let me say that I can also sing the highest praise of Ambassador Rudolf Torovsky of your Foreign Ministry, the head of your delegation to the Vienna CSCE conference.

Let me acknowledge at the outset that Jefferson's ringing words of 1776 did not usher in a system of government which fully lived up to all the principles set forth in the Declaration of Independence. Our Founding Fathers were well aware that when the Declaration spoke of all men being created equal, some of its signers did not construe the term to include slaves. The emancipation of the slaves came 87 years later, in the midst

of a bloody civil war. It came, incidentally, 2 years after the proclaimed end of serfdom in the Russian Empire.

And let me add that while I sat in a segregated classroom in Vienna in the spring of 1938, hundreds of thousands of black students in the southern states of the United States were attending similarly segregated schools. As a matter of fact, 25 years after I personally experienced that indignity, I had the opportunity, as a member of the Maryland State Board of Education, to help end school segregation in Maryland.

What I thus am suggesting is that no country has truly achieved perfection in the quest for human rights, nor can we identify a country which is condemned never to get started on the road to that goal. Those who write off the Soviet Union today as lacking in democratic fervor forget that in the 19th century, Russia not only produced supporters of the autocracy at one end of the political spectrum and nihilists, anarchists, and terrorists at the other end, but also democrats genuinely committed to the principles that had been spelled out in the 1789 Declaration of the Rights of Man and of the Citizen. They forget the events that led to the revolt of 1905 and the democratic ferment that stirred Russia from then onward, the fact that the relatively free elections to the first Duma and the second Duma produced overwhelming majorities committed to democracy. Finally, they forget that in the only free election which the Bolsheviks allowed, to the Constituent Assembly in November 1917, even overt Bolshevik pressure failed to win more than 24% of the vote for the Bolshevik Party. An overwhelming majority of the ballots cast went to those who supported a democratic system of government.

More recently, after the Stalinist nightmare, we saw signs of a resurgence of the spirit of freedom in the Soviet Union during Khrushchev's "thaw" and the rise of the dissident movement during the Brezhnev era. Certainly, as recently as 20 years ago one could have looked east and north from Vienna with at least hope that a new day was dawning. As a matter of fact, in the spring of 1968 it seemed as if, at least in nearby Czechoslovakia, it was possible for a Leninist system to evolve gradually into one in which freedom of expression, freedom of religion, and all the other basic rights of the individual would, indeed, be respected.

That was not to be. Czechoslovakia's moment in the sun came to an abrupt, externally imposed halt, as had

Hungary's 12 years earlier and as Poland's would be 13 years later. And in the Soviet Union itself, where the government and the dissident movement had engaged in a cat-and-mouse game for some years, the heavy hand of severe oppression came down in 1977 and extinguished the dissident movement. The modern Okhrana [secret police] of the Soviets once again proved itself so greatly superior in efficiency to its czarist predecessor.

Changes Under Gorbachev

Now we are observing with deep interest developments in the Soviet Union under the leadership of Mikhail Sergeyevich Gorbachev. As so often before, we are hoping for the best, we are hoping that the Soviet Union will, at long last, take steps that will give its long-suffering people a chance to attain the same level of recognition of human dignity that is enjoyed by their fellow human beings in so many other parts of the world.

What is important, though, is that we do not permit our hopes to influence our good judgment. Mikhail Gorbachev has now been in power for close to 2 years and may have been the principal leadership figure for even longer. Enough time has passed, therefore, for us to shift from mere speculation as to what he might do in the future to an analysis of what he has already done—or not done.

There is no doubt that a steady replacement of the officialdom of the Brezhnev era by a new group of younger and ostensibly more efficient people has brought in its wake significant changes in the day-to-day workings of the Soviet state. For the average citizen this has had important results.

For example, a Soviet citizen who observes a drunken or corrupt official, inept management, inefficient operation of a government office, or any similar deficiency in governmental operations is now encouraged to speak up without fear and denounce the wrongdoers. There is also a new insistence on clearer instructions to the bureaucracy, less ease for bureaucrats to operate arbitrarily, a greater emphasis on promptness in responding to the public. Accidents or administrative problems will be admitted more freely and openly rather than being swept under the rug. Writers may criticize some governmental failings. If we add it all up, it means that a major effort has been undertaken to make the state function more smoothly and to

enlist the average citizen in efforts to improve the efficiency of state operations.

There is also, under Gorbachev, greater freedom in the arts than there had been immediately prior to his accession to the highest level of leadership. The works of some writers who were proscribed in the past have begun to appear in print, and a film reviewing the Stalinist past critically is now being shown in a few closed performances in Moscow. Whether these innovations are truly significant, how far they will ultimately reach, and how long they may last under what remains one-party state control of culture is simply not clear today, at least not to outsiders.

For the rest, we have been bombarded with imagery. A Department of Humanitarian Affairs has now been created in the Soviet Ministry of Foreign Affairs. Upon closer examination, it becomes clear that this department does not have responsibility for dealing in a substantive manner with genuine human rights concerns about the Soviet Union but, rather, to coordinate the Soviet counterattack against foreign criticism of its human rights behavior.

Also, whereas in the past the policy of Soviet officials has been to refuse to listen to expressions of concern about human rights cases and to refuse to accept lists of names of persons presenting human rights problems or petitions concerning them, there is now a willingness to hear interlocutors out on the subject of human rights and to accept lists and petitions. But there is no evidence that this change in approach has any substantive significance. On the contrary, our experience to date would suggest that the new approach may be only cosmetic, a recognition that one can make public relations points by being polite, without giving up anything of substantive concern.

Even occasional humanitarian gestures are milked for maximum public relations benefit. All of us welcome the resolution of divided family and separated spouses cases. But let us keep in mind that these cases should never have arisen in the first instance. Moreover, they should be resolved not piecemeal over a stretch of time but systematically and promptly. In fact, if Mikhail Gorbachev were truly a reformer, I submit that the least he could have done would have been to resolve these divided-spouses cases overnight, by the stroke of a pen. Instead, we get an announcement of the future resolution of, let us say, 60 cases, and then the months pass as the cases are

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slowly, a few of them every month, actually resolved by the issuance of visas.

In recent weeks, we have also heard hints that hundreds of political prisoners will be set free in the near future. We would welcome this result. But that does not change the fact that these people have done nothing which, in keeping with international law, should have led to a prison term. They were, nevertheless, convicted under paragraphs 70 and 190 of the criminal code of the Russian Soviet Republic for anti-Soviet propaganda or for defamation of the Soviet system. As I said, if these prisoners are freed, we shall welcome it. We must, however, continue to emphasize that paragraphs 70 and 190 are in conflict with international law and should be stricken from the criminal codes of the Soviet republics.

No, to date we have not seen any evidence of real human rights reform, only a heightened media consciousness. Shcharanskiy and Orlov have been released, but only in exchange for spies. Sakharov was allowed to return to Moscow, an important and welcome gesture, but one following within days the death of Anatoliy Marchenko in prison. Irina Ratushinskaya was allowed to leave prison early, after her health had been severely impaired through the brutalities she suffered in prison, most of them after Gorbachev's accession to power. A few prominent refuseniks leave the Soviet Union, but emigration numbers continue at the low level of the recent past.

And abuse of psychiatry continues. Dr. Koryagin¹, the courageous psychiatrist who revealed to the world the truth about the barbaric Soviet practice of committing sane persons to institutions for the mentally ill, is still serving sentences totaling 9 years for this revelation. Repression of independent religious groups is still the order of the day. During the past year, an additional 90 persons were sent to prison for violation of the Soviet Union's laws on the practice of religion. There is no indication of a clear commitment to make significant changes with regard to respect for human rights, even changes that might do no more than return the country to the greater openness of the Khrushchev era.

It is my personal opinion that the fundamental continuing problem of the Soviet Union is the centrality of the position of its secret police. That, I believe, is the great difference between Gorbachev's openness and Khrushchev's

thaw. Following the arrest and subsequent execution of Lavrenti Beria in 1953, the secret police had been moved to the margin of the Soviet Government apparatus. In the 1970s, with the rise of Yuriy Andropov, the KGB moved back into the center of power. It is there now. And the fact that Big Brother is always watching makes it, indeed, possible for the leadership to relax the reins just a little, in the full knowledge that they can always be pulled tight again. It is this set of circumstances that caused the former executive editor of *The New York Times*, A. M. Rosenthal, to write recently:

Mr. Gorbachev is certainly a smoother chap than most of his predecessors but he has not touched the police nature of the Soviet state and has not even hinted he will. How could he? He is part of it and rules through it. But everytime he says he will let a suppressed book be published or a private citizen own a pushcart or releases one of his ample supply of prisoners the West goes into a mad fandangio of appreciation. There are, blessedly, Shcharanskys and some journalists who cry "wait, wait" to the world but they are outnumbered by eager folk who clap hands and sing praise. Myself, I will wait until Mr. Gorbachev arrests and tries the men who sent Mr. Shcharansky to jail and Dr. Sakharov into exile; time enough then to clap and sing.

Role of the Democracies

Indeed, let us examine what it is that we can do to bring us nearer to the day when we can clap and sing. And when I use the word "we," I am referring to the governments of the democratic world.

The Soviet Union tells us that its treatment of its own citizens is none of our business, that they are willing to hear us out under the new policy but that that does not change the fact that in their eyes we are grossly interfering in their domestic affairs.

There is a word in a language still spoken in the Soviet Union which aptly describes the nature of this response. It is *chutzpah*. In the Soviet Union, as we know, the Communist Party and the state are one. We need not go further than to remember that the person whom all of us accept as the leader of the Soviet Union is, in fact, none other than the General Secretary of the Central Committee of the Communist Party of the Soviet Union (CPSU). And this is the party which, upon establishing itself as the Government of Russia 69 years ago, did not miss a beat in pursuing its efforts at worldwide revolution, the grossest form of interference in the domestic affairs of other states.

Putting that aspect of the world's experience with the Soviet Union and the world communist movement aside, let us move on to consider the relevance to the human-rights issue of the international agreements signed by the Soviet Union. As my good friend Max Kampelman once observed, there was a difference between U.S. work on anti-ballistic missile systems before the 1972 ABM [Anti-Ballistic Missile] Treaty and thereafter. Work on such a system would take place totally on U.S. territory. It was not subject to international constraints before the ABM Treaty was signed. But it was, indeed, subject to such constraints after that event.

By the same token, prior to 1975, the United States could say with regard to certain Soviet repressive measures that they were contrary to the provisions of the Universal Declaration of Human Rights, but the Soviet Union could respond that it had not voted for this nonbinding resolution of the UN General Assembly. However, by signing the Helsinki Final Act, the Soviet Union also agreed to abide by the provisions of the Universal Declaration of Human Rights. From August 1, 1975, onward, therefore, Soviet repressive measures can be and should be condemned as acts contrary to the understandings incorporated in a document duly signed in behalf of the Soviet Union by its *de facto* head of government, the then-General Secretary of the Central Committee of the Communist Party of the Soviet Union.

Role of the CSCE

And that brings me to a discussion of the followup conference under the Helsinki accords, which is now meeting here in Vienna and whose second session started yesterday.

This is the third such major conference since the Final Act of Helsinki was signed in 1975. In the interim, there have also been a number of miniconferences under the Helsinki accords, limited in duration and devoted to specific topics.

The Helsinki accords, as we know, encompass a number of topics. The principal ones that have evolved in the last 11 years have been security arrangements and human rights. As this presentation focuses on human rights, I shall limit my discussion of the Helsinki Final Act to its human rights dimension.

I once posed the question to a rather high-ranking Soviet official as to what the Soviet Union really had in mind

when it agreed to the human rights provisions of the Helsinki Final Act. I received a rather vague answer to the effect that the Soviet Union is a country which is in a state of evolution toward democracy. This would, of course, be a perfectly reasonable answer if it were not for the fact that human rights conditions in the Soviet Union at the time that the statement was made to me in 1985 were so much worse than they had been 10 years earlier. It is more likely that the correct answer to the question that I posed is that the Soviet leaders, who do not worry a great deal about the "bourgeois formalism" of keeping one's promises, decided that there were enough benefits for them in the Helsinki Final Act to justify their signing the document even though it contained provisions on human rights by which they had no intention to abide. What they obviously did not anticipate is that the West would, in due course, try to hold them to their commitments and pursue them on compliance failures, meeting after meeting.

Today, it may appear strange that the Soviet Union did not anticipate that other signatories of the Helsinki Final Act would consistently raise the issue at review conferences. But in 1975 it was not at all clear that that would happen. At the time the Helsinki accords were signed, it was not considered proper in polite diplomatic company—that is, at international gatherings of the representatives of governments—to speak of human rights violations of other sovereign states. There were, to be sure, a few isolated exceptions. It had, indeed, become acceptable at the United Nations to speak critically of the mistreatment of blacks in South Africa. More recently, criticism had been voiced at the United Nations against the human rights violations for which the Chilean military government had been responsible. Occasionally, some adverse comment would also be offered about human rights violations by other governments. However, by and large, as of 1975, only relatively weak, isolated, and friendless countries would have their human rights violations fully exposed and discussed in detail at international meetings. We can assume, therefore, that Soviet decisionmakers who agreed to the Helsinki accords did not believe that signing the document without serious intention to abide by it carried any potential challenge to its practices, either of commission or omission.

That there might be a down side, that the Soviet Union's failure to abide

by the provisions of the Helsinki Final Act might be subject to criticism at an international diplomatic gathering was not even clear in 1977, when the first Helsinki followup conference met in Belgrade. That meeting, it should be noted, was called to order within months following the first sharp Soviet crackdown on the Soviet Union's courageous Helsinki monitors. The prevailing sentiment among representatives of the democratic world in Belgrade was not to name names, not to be too pointed in one's criticism. It is my understanding that this note of caution was also sounded by quite a number of persons within the U.S. Government. It is to the great credit of the head of the U.S. delegation to the Belgrade conference, Justice Arthur Goldberg, that the final U.S. position was that names would be named; that the fact that, less than 2 years after the Helsinki Final Act had been signed, its human rights provisions were being grossly violated in the Soviet Union had to be spelled out.

Justice Goldberg raised eyebrows at Belgrade, but as it turned out, he was the man who broke the ice. By the time the second followup meeting took place in Madrid, it was well understood that human rights violations in the countries which had signed the Helsinki accords would be fully discussed. The same was true of the CSCE miniconferences which took place after Madrid. And it is, of course, also true of the third followup conference which is now taking place in this city.

To understand fully the setting in which the human rights debate at the CSCE conference is taking place, let us reflect on the most relevant texts. One of the basic human rights commitments in the Helsinki Final Act, contained in Principle VII, reads as follows:

In the field of human rights and fundamental freedoms, the participating States will act in conformity with the purposes and principles of the Charter of the United Nations and with the Universal Declaration of Human Rights.

Czechoslovak Human Rights Initiative

PRESIDENT'S STATEMENT, DEC. 31, 1986¹

January marks the 10th anniversary of the founding of the Czechoslovak human rights initiative, Charter '77. The declaration of Charter '77 enumerated ways in which the government denied the people of Czechoslovakia the basic rights provided for in the country's legal code, in the Helsinki accords, and in international covenants. The charter, which also spelled out the responsibility of citizens in ensuring compliance with those principles, first appeared on January 1, 1977, carrying the signatures of 241 persons from a wide cross-section of Czechoslovak society. On January 6 representatives of Charter '77 first tried to present the text of that document to the Czechoslovak authorities. Though, then and now, government officials have tried to characterize the signers of the charter as criminals, they could not diminish the moral authority of those who had the courage to hold them accountable to basic laws and principles.

Charter '77, Eastern Europe's longest lasting human rights initiative, served for 10 years as a champion of civil and human rights, a repository for national values, and a cultural and

publishing network at home and abroad that has kept unified and alive a rich national literature. Pluralistic in its membership and interests, the charter has avoided the role of a political opposition. Despite imprisonment and intimidation, chartists have persisted in issuing numerous documents on many aspects of Czechoslovak life and on international affairs, witnessing steadfastly for the humanistic and democratic convictions of its reformist, Christian, and cultural memberships. The charter also gave rise to the Committee for the Defense of Unjustly Persecuted (VONS), which has documented and focused international attention on a vast number of injustices.

The more than 1,000 signatures of the charter to date have had influence far beyond their numbers. They articulate the ideals of an uncountable number of their fellow Czechoslovaks and, indeed, of all who want to see human rights respected. By their activities, Charter '77 signers have in countless small and large ways pushed back the gloom over Czechoslovakia's barren political landscape.

¹Text from Weekly Compilation of Presidential Documents of Jan. 5, 1987. ■

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Now let us examine some of the key provisions of this declaration, which were thus incorporated into the Helsinki Final Act.

Article 18 provides:

Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to change his religion or belief, and freedom, either alone or in community with others and in public or private, to manifest his religion or belief in teaching, practice, worship and observance.

Article 19 provides:

Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

Article 20 provides:

1. Everyone has the right to freedom of peaceful assembly and association.
2. No one may be compelled to belong to an association.

Article 21 provides:

1. Everyone has the right to take part in the government of his country, directly or through freely chosen representatives.
2. Everyone has the right of equal access to public service in his country.
3. The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures.

And to go back to Article 13, which reads:

1. Everyone has the right to freedom of movement and residence within the borders of each State.
2. Everyone has the right to leave any country, including his own, and to return to his country.

As I have noted, the provisions which I have read to you were incorporated by reference into a document duly signed by Leonid Brezhnev, Gustav Husak, Edward Giermek, and their colleagues of the Soviet-bloc states.

Yet, as representatives of the 35 signatory countries of the Helsinki Final Act gather—representing, as they do, a total of close to 1.1 billion people—we know that close to 40% of the people whose official representatives are meeting here live in countries whose leaders do not, in fact, act in compliance with the provisions to which they have pledged themselves to be bound and who seem not to have the intention of changing their behavior in the future.

What are we to do under these circumstances? There are some personalities, in my country and elsewhere, who say that the members of the Soviet bloc have made a mockery of the Helsinki accords and that the democracies should, for that reason, abrogate them.

The U.S. Government does not share that view. We believe that the Helsinki accords have given the world's democracies a unique platform on which we are able to expound universal ideas on the principles of democracy and human rights and point up the failures of the Soviet-bloc states to live up to the Helsinki commitments. (The accords obviously have other beneficial aspects as well, which are, however, beyond the scope of this talk.)

The question which so often arises is whether our speeches do any good. Are we advancing our cause thereby?

The issue which is thus put before us is whether there is any value in communicating ideas. History has, indeed, demonstrated that ideas have consequences. There is value in communicating ideas. At meetings called under the terms of the Helsinki accords, all of the participants have the opportunity to put their thoughts on performance under these accords before the assembled group and, thus, before the world public. It is, indeed, significant that at meeting after meeting, the democracies have advocated open sessions and the Soviet bloc has insisted on closed meetings.

Though most meetings are closed to outsiders, no one stands in the way of any one of us from the democratic world telling the public outside the meeting room what we have said inside it. It is, indeed, possible for the CSCE forum to serve the purpose of telling the world about violations of the most basic principles of human rights in the communist states of Eastern and East-Central Europe.

The leaders of these states, I submit, are not impervious to such criticism. They are concerned about their standing in the world. They are also concerned about the operation of their system. To the extent to which the message comes through that their treatment of their citizens, their failure to respect human rights, is inexorably linked with their inability to reach the material goals which they have set for themselves, there is a chance that they might seriously consider changes in their approach.

There is another important role which the CSCE meetings play.

Throughout the Soviet-bloc states, as we well know, there are millions of people who share our ideals of freedom, democracy, and human rights. Some of them do so quietly. Others have the courage to speak up. Some of them have even the courage to speak so clearly and so loudly that their governments have attempted to silence them with severe punishment. We owe it to these people to send them a message of hope, a message that they and their ideals are not forgotten, that there are others, representing a majority of the people around the CSCE table, who share their belief in the rights of the individual and in democratic government and who will not hesitate to criticize their persecutors.

Let me say, just to return to my own experience in this city in the year 1938, that I remember well how much it meant to me and to all those I knew whenever President Roosevelt made a comment or was merely reported to have made a comment which showed his awareness of our plight.

Thus, I see the value of the human rights debate at CSCE meetings in the message it sends to the participating governments, to the general public, and to believers in the human rights cause in countries which deny these rights. I see value in a message that the democracies are united in their commitment and their concern.

There are those who believe that it is important when diplomats gather that they conclude their deliberations with new obligations, new commitments in a document which can be presented to the world as the product of these latest deliberations. At diplomatic meetings dealing with more traditional topics, such an expectation makes a great deal of sense. If diplomats gather to deal with such issues as border disputes, commercial arrangements, or disarmament, the success or failure of a meeting depends on whether such an agreement is reached.

Consideration of New Human Rights Commitments

Let us now examine the problems we face when we move from the discussion of performance at CSCE meetings to the consideration of proposed new commitments on human rights.

We start out with the basic problem that, as I have already noted, a group of signatories of the Helsinki accords have never lived up to the human rights provisions of these accords, do not live up to

them now, and have, in the process of the discussions, not given any indication that they will live up to them in the future. The United States believes that the existence of past commitments which have not been complied with presents us with a serious problem as to the credibility of any new commitments. Should we ask for the express reaffirmation of the existing texts? In the absence of changed behavior, why should a new promise offer us greater assurance that it will be lived up to than the old one did?

An alternative approach would be to accept the proposition that we simply cannot expect the Soviet-bloc states to adhere to the human rights provisions of the Helsinki accords as now written. Let us, therefore, someone may argue, try to reach new agreements which make fewer demands on the Soviet-bloc governments to deviate from their customary methods of exercising authority, agreements which they might be willing to live by.

What that would mean, of course, is that we are, for the time being and probably for quite some time to come, giving up on holding the Soviet-bloc states to the provisions of the Helsinki Final Act. I, for one, think that our interested public will not want us to relieve the Soviet bloc of the existing human rights undertakings of Helsinki.

A third approach would be to come up with a placebo, a string of nice-sounding phrases which, on closer analysis, turn out to have no practical meaning.

There is also the possibility of reaching agreement, not on any new substantive commitments but on process, on ways and means of monitoring performance under the existing agreements. At least such an agreement would point the way toward constructive change.

But what if no agreement is reached on new substantive wording on human rights? Should that, by itself, be reason for great concern? Let me say that I was puzzled when, at the conclusion of the 1985 Ottawa human rights experts' meeting held as part of the CSCE process, some media representatives called the meeting a failure because no final text had been agreed to. What could they reasonably have expected: that the representatives of the states which have acted in contravention to the provisions to the Helsinki Final Act would tell us that they have carefully listened to the West's expressions of concern and that we have persuaded them of the correctness of our position, that they will, therefore, sin no more? Of course not.

If we speak of failure, the failure lies in the actions of the Soviet-bloc states in not abiding by the commitments they entered into at Helsinki. It does not lie in the absence of an agreed-upon human rights text at the end of any CSCE meeting. Success or failure of the human rights portion of a CSCE meeting lies in the degree to which it encourages—or provokes—compliance with human rights commitments. This, in turn, depends on the clarity with which the participating democracies are willing to speak up for the principles agreed upon at Helsinki and are prepared to comment on the evidence of actions contrary to these principles. I submit to you that by this standard, the human rights portion of the Vienna CSCE meeting has already made a significant contribution.

The Soviet Approach

Up to this point, I have spoken principally of the role of the democracies in the context of CSCE meetings. Let me now add a few words about the positions taken by the other side.

I have heard it said that under the new Soviet leadership, the approach of Soviet representatives to human rights debates is significantly different from their past approach, that they are more willing to engage in human rights debates than they had been in the past. Having participated in international human rights discussions with the Soviet Union for the last 6 years, I must tell you that if there is a different approach, I have not noticed it.

Now, as heretofore, the Soviet representatives will simply not engage in serious, substantive discussions of what we charge are actions contrary to the provisions of the Helsinki Final Act. They dismiss our statements about their abuse of psychiatry, about their incarceration of poets and writers, about their suppression of independent trade unions or even an independent peace movement as slander. What we need to remind them is that in the democratic world, a statement is deemed slanderous only if it is untruthful, not if it is merely an unpleasant truth.

Rather than being willing to discuss the matters about which we express concern, the Soviets and their associates hit back by telling us what it is that is wrong in the democratic world. A good deal of what they say is factually inaccurate. But inaccurate or accurate, the Soviet presentations are a tiny fraction of the criticism, also inaccurate as well as accurate, which is leveled at our

governments and our social systems day-in, day-out by domestic critics. One response to Soviet criticism is: let us debate. Let us engage in serious discussion of the questions that are being raised.

They have, for example, criticized the United States for police wiretaps. Our response has been that we would be prepared to discuss the rules governing such taps by the FBI [Federal Bureau of Investigation] if the Soviets were prepared to tell us and discuss the standards that govern wiretaps by the KGB. Soviet representatives often also talk about the *Berufsverbot* [security limitations on employment] in the Federal Republic of Germany. We assume that our German colleagues would be prepared to discuss their *Berufsverbot*, which applies to communists, if the Soviet Union, in turn, were prepared to discuss its own *Berufsverbot*, which is applicable to all upper-level positions in the Soviet Union and which disqualifies all nonmembers of the Communist Party. On all these matters, I am sure that the democracies would be interested in serious discussion with the communist states if these were only willing to enter these discussions rather than engage in sloganeering.

And speaking of "sloganeering," let me note the Soviet Union's continuing emphasis in the context of human rights debates on economic and social rights, which it likes to juxtapose to political and civil rights. We are to be left with the notion that in the area of political and civil rights, the democracies may be ahead of the Soviet Union, but with regard to economic and social rights, they say, our side is far behind. This notion—namely, that a centrally planned, collectivist system will be able to raise standards of living for the general population far higher than a private enterprise system based on incentives—was commonplace 20 or 30 years ago. What was then assumed was that Leninist states would, as time passes, be able to deliver on their promise of a more abundant society. The point that then was made by at least some democrats was that the price for such abundance in terms of enslavement of the average citizen was not worth paying.

The evidence before us now has demonstrated that we are not even dealing with trade-offs between political rights on the one hand and economic rights on the other. What is clear now is that the states that guarantee political rights deliver the reality of a better standard of living. The states which

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deny political rights promise a better standard of living but fail to deliver it.

We are frequently challenged by Soviet-bloc states to deal with economic and social issues at human rights meetings. Let me, therefore, emphasize that we have no problem discussing such matters with the Soviet Union or with anyone else. But in our view, such matters do not belong at a human rights meeting. At a human rights meeting, we can engage in useful discussion of the meaning of the right to freedom of speech or to freedom of religion. It is a right which a government can observe with ease by simply not interfering with the exercise of this freedom by the citizen. If the topic of discussion shifts, however, to housing or medical care, the truly meaningful issue is not what rights the government has guaranteed, what promises have been made, but what has been delivered. If the Soviet Union wants to engage us in a discussion of our system of delivering, for example, medical care, we are prepared to engage in that discussion, but we should understand that such a discussion would make sense only if we compared the realities, the quality and extent of care, the

numbers of persons reached, and all related issues. We would staff our delegations to such a conference with persons able and qualified to engage in a useful, cooperative dialogue. The same can be said of housing or of any other aspect of our economic or social structure. We unquestionably face serious problems in those fields. So does the Soviet Union. If, instead of merely denouncing us, it wants to engage us in thoughtful discussions of, for example, substance abuse, we would very definitely be interested. We do not believe we have all the answers. We are happy to compare notes with anyone interested in engaging in serious conversations.

Conclusion

But none of that—and that is our point—should serve as a distraction from discussions of human rights, of the principle of the dignity of the individual and of the respect which the state owes the individual. For we in the United States continue to rely on the fundamental principle which I set forth in the beginning: that governments are instituted among men to secure the rights of

the individual and that these governments must derive their just powers from the consent of the governed. These words reflect, I am sure, not only the point of view of the United States but of all the democratic participants in the CSCE process. They also reflect, I am certain, the point of view of great numbers, perhaps even great majorities, of the citizens of countries whose governments have not lived up to these principles. It is to these people above all—to the Helsinki monitors, to the members of Charter '77, to the Solidarity movement, to all those who espouse the cause of freedom—that we must send the message not to despair, to ask them to remember the last stanza of a song of the 1930s, the song of the Peatbog Soldiers:

But for us there's no complaining,
Winter will in time be past,
One day we shall cry, rejoicing:
"Homeland, dear, you're mine at last."

¹Dr. Koryagin was subsequently released on February 18. ■

Visit of Israeli Prime Minister Shamir



(White House photo by Pete Souza)

Prime Minister Yitzhak Shamir of the State of Israel made an official working visit to Washington, D.C., February 17-20, 1987, to meet with President Reagan, Secretary Shultz, and other government officials.

Following are remarks made by Secretary Shultz and Prime Minister Shamir on February 17 and remarks made by President Reagan and Prime Minister Shamir following their meeting on February 18.

REMARKS, FEB. 17, 1987¹

Secretary Shultz

I've been very happy to greet my friend, the Prime Minister of Israel, and already to have had a considerable amount of discussion and look forward to our continuing discussion. He's here to visit with us, to visit with the President tomorrow, and we have had very productive meetings.

We've paid special attention to several areas. First of all, the Prime Minister and I discussed our relationship which is strong and deep, and we reviewed practical ways our two governments cooperate; our strategic cooperation to help discourage outside threats to the Middle East; our economic and security assistance, which support Israel's own efforts to stay strong—an essential element in the peace in the Middle East; our free trade agreement which we worked out when you were Prime Minister before; our cooperation on SDI [Strategic Defense Initiative] research and the VOA [Voice of America] transmitter to be located in Israel.

Second, we talked about the Israeli economy and efforts Prime Minister Shamir and his government and the people of Israel are making to cut inflation further and to boost their economic growth. And we had all of our economic

advisers gathered and had a good discussion on that subject. We agreed that a strong economy is no less important than a strong defense, and that Israel needs to redouble its efforts in this area to prosper and ultimately reduce dependence on foreign aid. And as we discussed problems with the Israel budget, I had to admit we have a few problems of our own, so we know it's not easy, but nevertheless it's important.

And finally, and very important as we reviewed matters this afternoon, the Prime Minister and I talked about peace in the Middle East between Israel and its neighbors. And we noted that there has been considerable progress and that things are working along, but also we know that there are dangers to both Israeli and Arab interests and our own because of continued tension in the area. We discussed the importance of continuing efforts at Israeli-Egyptian relationships and also the importance of promoting a better quality of life for Palestinians on the West Bank and Gaza while we look more broadly at a possible political settlement. The immediate objective of a reactivated peace process is direct negotiations between Israel and a Jordanian-Palestinian delegation.

I think I can fairly say, we agree completely on the importance of direct negotiations as the vehicle for bringing out peace. The United States believes it is important to explore all possible approaches to this objective to see whether any of these approaches, including an international conference, would lead immediately to direct negotiations. All possible approaches that we look at are designed to get us to direct negotiations.

So we will stay in close contact and work closely together. And again, Mr. Prime Minister, I want to say, on behalf of my country—and perhaps I could be allowed, on behalf of myself as a person—to greet you here is a great pleasure. You were Foreign Minister when I became Secretary of State and we worked through a lot of problems together. We did some more when you were Prime Minister, again when you were Foreign Minister, and now you're Prime Minister again. You keep shifting jobs but I stay on the same old job. [Laughter] But I'll say this, when he moved from Foreign Minister to Prime Minister, he didn't discard his old friends who were still in the Foreign Ministry business. [Laughter] You stuck with us.

Prime Minister Shamir

I am very grateful to Secretary of State Shultz for inviting me, and for giving me the opportunity to discuss in a very intimate and very serious manner all the problems we are facing in our area, and especially the problems of peace, the tower on the top, always on the top, of our agenda. I will say a bit about the various problems we have discussed. The bilateral relations between the United States and Israel under the guidance of President Reagan and the stewardship of the Secretary of State have acquired new and impressive dimensions. This includes our strategic cooperation, the decision to accord Israel the status of a major non-NATO ally, the close political cooperation and coordination, the free-trade area agreement, Israel's participation in the SDI program, and the establishment of a VOA relay station in Israel.

This strategic cooperation between the United States and Israel is a very strong foundation of stability and peace in our area. It is a driving deterrent against war, against terrorism, and we will do all in our possibilities to announce this cooperation. Secretary Shultz's wisdom has inspired and made possible the process to institute organization of these joint ventures, as well as the progress relating to economic recovery. We are grateful for the great interest of the Secretary of State for our economy. This interest and the interest and the assistance of his advisers, we know very well as the Secretary said it, that a strong Israel means a strong Israeli economy, and we are very devoted to this task and it is a great encouragement that Secretary Shultz is with us with his thoughts in this important task.

Today, we discussed the economic situation in Israel and the U.S. assistance program in relation to it. We then talked about a wide-range of bilateral issues and proposals for joint cooperation. We exchanged assessments on the political situation in the Middle East. The various tension points and the continuing menace of terrorism, a struggle against which both our countries are totally committed to; advancing the peace process is always prominent on our agenda. We both agree that peace can only be achieved through direct negotiations. As the Secretary said it, "the name of the game is direct negotiations." It is a historic imperative and we will keep it. The Israel-Egyptian peace

which is recognized by all as the cornerstone for peace efforts in the Middle East could not have become a reality were it not for our determination to deal directly with each other. We should explore every possible avenue to advance the peace process. On our part, we are prepared to meet our neighbors sitting at a negotiating table at any time and place. The Camp David framework agreements envisaging a conference attended by Israel, Egypt, and Jordan, as well as representatives of the Palestinian-Arabs living in areas, remains the most reasonable and practical approach. I trust the United States will not agree to substitute this proven course by Soviet-inspired notions supported by radical Arab nations such as an international conference. I will not deny, I am strongly opposed to this invention of an international conference for peace. It will not bring peace to our area; it will not serve the cause of peace. Walking together as we have so successfully in the past will, I am confident, ensure that achievement of our common goal.

The plight of our brethren in the Soviet Union was also central in our agenda. There is full agreement between us and agreement shared by all free people everywhere that the Soviet authorities should grant Soviet Jews the right to emigrate to their homeland. We also agreed that Soviet Jews should be entitled to practice their religion and give full and [inaudible] expression to their culture. I am very confident, after this very successful conversation and the talks we had today with Secretary Shultz and his assistants that the cooperation between our two countries will become stronger and will bring solutions to all the problems of our area and especially to the problem of peace.

REMARKS, FEB. 18, 1987²

President Reagan

It's been a pleasure to have an old friend, Prime Minister Yitzhak Shamir of Israel, back to the White House. His visit symbolizes the close and special relations between our countries. His visit has provided an opportunity for in-depth discussion, and I'm pleased to report our discussions went well.

High on our agenda, of course, was Middle Eastern peace and our search for a constructive approach to Arab-Israeli reconciliation. We talked about the dangers that threaten Israel and its neighbors and efforts being made to bring a degree of stability to that troubled region. Measurable progress, we both agree, is vital. Peace cannot be built in an environment where there is no hope.

In our discussions we agreed, again, that the road to peace lies through bilateral negotiations between Israel and its neighbors, including representative Palestinians. We reviewed the diplomatic discussions over the last 2 years which we've conducted with Jordan, Egypt, and Israel—all of whom share a strong desire to end the conflict that has plagued the Middle East.

Our goal now is setting in motion a process accepted by Israel and its neighbors which can lead to a comprehensive peace settlement. We believe this requires direct bilateral negotiation. Any reasonable means of including an international conference should be considered. But the United States remains ready to be an active partner in any serious peace effort.

Prime Minister Shamir and I discussed Iran. I underscored our opposition to Iran's use of force, terrorism, and expansionism. In discussing Iran and other regional issues, the Prime Minister and I agreed on the importance of looking to the future, instead of dwelling on the past.

We also went over our countries' strong and vital bilateral relationship and the broad scope of our cooperation. Both our governments face tight budgets. I assured Prime Minister Shamir that we will continue our steadfast support for Israel's own efforts to ensure its security and economic well-being. In that regard we have designated Israel, with other countries, a major non-NATO ally, for purposes of cooperation in certain aspects of military research and development.

Finally, in our discussions we reaffirmed our concern about the plight of Soviet Jewry. We took note of recent releases, but are waiting to see the gates truly opened for Jewish emigration.

The United States and Israel share many common values and traditions. We have developed a warm friendship that encompasses close mutual strategic cooperation. This relationship, in which each gives special consideration to the

other's interests, strengthens us both. It's unshakable, and we're proud of it. As we look to the future, the Prime Minister and I are committed to the close cooperation long enjoyed by the United States and Israel.

It is an honor to have Prime Minister Shamir with us to reaffirm the solid bond of affection between our countries and our peoples.

Prime Minister Shamir

It is with profound satisfaction that I stand here today, as we give expression to the abiding and deep friendship between our two countries.

America under your leadership stands tall and upright despite transient difficulties. You continue to discharge your great responsibility as the leader of the free world. Without strong United States leadership, mankind could be exposed to very grave peril in the hands of the forces of evil and totalitarianism.

Our two countries share values, perceptions, and goals that unite us in thought and in deed. Since my last visit as Prime Minister, we have given more substance to agreements we reached then in regard to strategic cooperation and the free trade area. Now your Administration has moved one more step forward by giving a new dimension to our relations. I refer to your decision to accord Israel the status of a major non-NATO ally. We have been among the first to join your Strategic Defense Initiative, and we hope to expand our cooperation in this program. We've also just concluded an agreement enabling the establishment of a relay station for the Voice of America in Israel. Both projects are a reflection of our continuing support of America's defense and advancement of freedom.

In our talks today we explored the prospects of advancing the peace process in the Middle East. While this is not an easy task, it is a noble goal to which we are committed. On the foundations of the Camp David accords—which remain the only agreement, therefore, only viable cornerstone for peace in the area—we renew the call to our neighbors to join us in direct negotiations for the obtainment of peace between us. Egypt, our partner to the Camp David agreement, could play a significant role by encouraging our other neighbors to follow its example and enter into face-to-face talks with us without preconditions.

The struggle for the freedom and repatriation of Soviet Jewry is by no means over. We must press on with all vigor to persuade the Soviet authorities to let all our people return to their ancient homeland, the land of Israel.

I take this opportunity of expressing our gratitude to you, Mr. President, for the great effort you made for the humanitarian cause of our brothers and sisters in the Soviet Union. Their happiness at coming home to Israel and experiencing freedom and democracy is their and our tribute to you.

This year, 1987, records two events of great significance in the life of our two nations: you will celebrate the bicentennial of the U.S. Constitution,

which is regarded as the model for truth, civil liberties, and democratic government. We are marking the 90th anniversary of the birth of our national liberation movement, Zionism, which restored us to our ancient land and renewed our national independence. Both events have enriched the quality of our lives. And they are the root of our present relationship, joint efforts, our dreams, and our confidence in the future.

¹Made in the Diplomatic Lobby of the State Department. Question-and-answer session following remarks is not printed here (text made available to news correspondents by State Department Press Office).

²Made on the South Lawn of the White House (text from Weekly Compilation of Presidential Documents of Feb. 23, 1987). ■

Kidnappings in Lebanon

PRESIDENT'S STATEMENT, JAN. 26, 1987¹

All Americans, I know, share my outrage at the latest kidnappings of our citizens in Lebanon. Not only Americans but more than 20 citizens from nine countries are now being held by terrorist groups there. Today my sympathy goes out to the friends and relatives of all those hostages.

The terrorists appear to believe that by trafficking in human lives they can force sovereign governments to give in to their demands. But our government will not make concessions to terrorist groups despite their threats. For to give in to terrorist blackmail would only encourage more terrorism; to yield to their demands now would only endanger the lives of many others later.

I would like to add a special word to Americans in Lebanon. Where U.S. citizens are unjustly deprived of their God-given rights, the U.S. Government has an obligation to try to restore those rights. But there is a limit to what our government can do for Americans in a chaotic situation such as that in Lebanon today. In particular, the situation in west Beirut has deteriorated to total anarchy,

with armed criminal groups taking the law into their own hands. For the past 12 years our government has regularly warned American citizens against travel to Lebanon. As recently as last Tuesday we reiterated our assessment that the situation there is "extremely dangerous." The events of the past week provide striking confirmation of that assessment. Americans who ignored this warning clearly did so at their own risk and on their own responsibility. This weekend the U.S. Ambassador to Lebanon again was in contact with remaining Americans and advised them to leave.

Those who hold hostages, regardless of nationality, should release them immediately and unconditionally. Their acts of terror constitute a declaration of war on civilized society. I again join with civilized countries in condemnation of terrorist outrages.

In conclusion, let me stress again that our government remains unrelenting and alert in its search for opportunities to secure the release of our citizens no matter how long that may take.

¹Text from Weekly Compilation of Presidential Documents of Feb. 2, 1987. ■

Iran-Iraq War

**PRESIDENT'S STATEMENT,
JAN. 23, 1987¹**

The current Iranian assault on Iraqi forces near Basra is a reminder of the terrible suffering and loss which the Iran-Iraq war has brought to the peoples of the gulf region. The continuation of this bloody struggle remains a subject of deep concern to the United States and to the entire world. It is a war that threatens not only American strategic interests but also the stability and security of our friends in the region.

As I have emphasized many times, we are determined to help bring the war to the promptest possible negotiated end, without victor or vanquished, leaving intact the sovereignty and territorial integrity of both Iran and Iraq. We cannot but condemn Iranian seizure and occupation of Iraqi territory, and we again call upon the Government of Iran to join the Government of Iraq in seeking a rapid, negotiated solution to the conflict.

We share the concern of our friends in the gulf region that the war could spill over and threaten their security. We would regard any such expansion of the war as a major threat to our interests as well as to those of our friends in the region. We remain determined to ensure the free flow of oil through the Strait of Hormuz. We also remain strongly committed to supporting the individual and collective self-defense of our friends in the gulf, with whom we have deep and longstanding ties.

**PRESIDENT'S STATEMENT,
FEB. 25, 1987²**

On January 23, while the Iranian assault against Iraqi forces was especially intense, I reiterated the deep concern of the United States at the suffering and instability which the Iran-Iraq war has brought to the gulf region. Since that time, although Iraq has stopped the Iranian attack east of Basra and pushed it back somewhat, the fighting in this

tragic conflict has continued on ground, in the air, and at sea.

Clearly, the peoples of the region cannot rest secure until there is a negotiated end to the conflict. We have frequently called on Iran's leaders to join in working toward a negotiated settlement, as the Iraqis have repeatedly offered to do. Regrettably, the Iranian Government has so far proved unresponsive in the face of all efforts to encourage reason and restraint in its war policy. It has also persisted in its efforts to subvert its neighbors through terrorism and intimidation.

We continue to work for a settlement that will preserve the sovereignty and territorial integrity of both Iran and Iraq. Toward that end, I have asked Secretary of State George Shultz to take the lead in an international effort to bring Iran into negotiations. Secretary Shultz has recently named Under Secretary-designate Ed Derwinski to be responsible for our Operation Staunch. This effort has my full support.

As I emphasized in January, this conflict threatens America's strategic interests, as well as the stability and security of all our friends in the region. We remain strongly committed to supporting the self-defense of our friends in the region and recently moved naval forces in the Persian Gulf to underpin that commitment. We also remain strongly committed to ensuring the free flow of oil through the Strait of Hormuz. Finally, we are determined to help bring the war to the earliest possible negotiated end. With that goal in mind, the United States calls for an immediate cessation of hostilities, negotiations, and withdrawal to borders. I urge the international community, in the appropriate fora and through the appropriate mechanisms, to cooperate in the endeavor. The time to act on this dangerous and destructive war is now.

¹Text from Weekly Compilation of Presidential Documents of Jan. 26, 1987.

²Text from Weekly Compilation of Presidential Documents of Mar. 2. ■

International Narcotics Control Strategy Report Released

The Bureau of International Narcotics Matters (INM) has released its annual assessment of the worldwide narcotics situation. The 1987 International Narcotics Control Strategy Report (INCSR) is the basis on which the President will certify that countries have or have not cooperated fully with the United States in 1986 on a range of narcotics control functions including eradication, interdiction, and legal measures against narcotics production and trafficking.

INM Assistant Secretary Ann Wroblewski said that "1986 gave us a clear indication that countries are on the right track. In many ways, this year was a turning point—in attitudes, in commitment, in worldwide resources dedicated to narcotics control. The international community has stood up to narcotics producers and traffickers, and there is simply no turning back."

The report indicates that coca and opium production are up again, a development which comes as no surprise to Assistant Secretary Wroblewski. "What we are seeing is traffickers digging in their heels as governments have begun to fight back. Traffickers have planted more coca and opium as an insurance policy against eradication and increased interdiction activities both in Latin America and Asia. But the heat is on. Trafficking organizations are in for the long haul—but so are we."

Wroblewski says that 1986 was a year of mixed news. The year ended with the good news that both Pakistan and Jamaica had agreed to use herbicidal spraying methods of eradication against opium and marijuana. But opium production in Burma and Pakistan was up due to good weather, increased regional demand, and the increased market price for opium. In Pakistan, the shift from martial to civilian law resulted in an increase in production from an estimated 50 to 70 metric tons last year to a 1986 estimate of between 140 and 160 metric tons. Burmese traffickers, under pressure from the government's wide-scale

opium eradication program, which eliminated 13,600 hectares, increased their opium production. Lao opium totals increased as well. Yet Thailand's vigorous opium eradication program resulted in meaningful reductions in its opium crop, from an estimated 35 metric tons in 1985 to an estimated 20-25 metric tons this year. The combination of strong political will, efficient enforcement, and a well-publicized eradication campaign contributed to Thailand's excellent performance.

Coca continues to pose the major threat to U.S. drug control efforts. Bolivia and Peru produced an estimated maximum of 157,000 metric tons of coca leaf, and Colombian traffickers continued to manufacture and transport many tons of cocaine to the United States. But some encouraging coca control developments took place in 1986. The Government of Bolivia requested the U.S. assistance in shutting down cocaine laboratories; as part of "Operation Blast Furnace," six U.S. Blackhawk helicopters were deployed to Bolivia for use against laboratories in the Beni area. One result, though short-lived, of "Operation Blast Furnace" was a significant drop in the price of coca cultivation. It is hoped that this summer's enforcement operation has laid the foundation for a meaningful coca eradication program under Bolivian Government auspices.

During 1986, Colombia suffered at the hands of drug traffickers. Two major assassinations—the former head of the National Police, Col. Jaime Ramirez, and the well-respected journalist Guillermo Cano—did not diminish the Colombian commitment to narcotics control. President Barco upheld the constitutionality of the extradition treaty with the United States, a move that resulted in Carlos Lehder's extradition to the United States in February 1987.

There were also historic cross-border collaborations among Latin American nations, working together to shut down the cocaine trade. At the OAS [Organization of American States] Conference on Drugs in Rio de Janeiro last April, groundwork was laid for a new Inter-American Narcotics Commission, approved at the OAS General Assembly in Guatemala in November. At Quito in April, a group of Andean nations signed the "Lara Bonilla Treaty," pledging greater regional cooperation in the fight against narcotics.

South Pacific Nuclear Free Zone Treaty

DEPARTMENT STATEMENT, FEB. 5, 1987¹

The U.S. Government has been studying the question of whether to sign the three protocols to the South Pacific Nuclear Free Zone Treaty, the treaty of Rarotonga. The United States has now completed its study and has decided that in view of our global security interests and responsibilities, we are not, under current circumstances, in a position to sign the protocols. We have conveyed our position to the parties to the treaty.

The United States is appreciative of the role of the Government of Australia and other parties to the treaty in this matter, including their efforts to keep our and allied interests in mind as they managed the composition of the treaty and protocols. The United States also appreciates the serious commitment of the Pacific island states to nonproliferation.

¹Read to news correspondents by Department spokesman Charles Redman. ■

"While we are still engaged in an uphill battle against cocaine," Assistant Secretary Wroblewski stated, "we have realized real reductions in the availability of marijuana. Colombian marijuana cultivation has been significantly reduced in traditional areas. Belize's marijuana crop was virtually destroyed in 1986, and Panama's crop, eradicated last year, was not replanted. President Seaga's decision to use herbicides to eradicate ganja and the Jamaicans' destruction of 2,200 hectares of marijuana is good news on the antimarijuana front. The Jamaican decision to use herbicides in their eradication campaign should keep marijuana production on that island down next year."

Rising levels of drug abuse in producing and trafficking countries has led to a new urgency in responding to the narcotics threat. "Heroin and cocaine threaten not only American youth, but Latin Americans, Europeans and Asians. Just as greedy drug traffickers marketed 'crack' in this country, they are finding new markets for their deadly

products all around the world," Wroblewski said. "That is why international organizations such as the United Nations, the OAS and ASEAN [Association of South East Asian Nations] are infused with a new sense of commitment and dedication. We are seeing a single-minded determination by countries once indifferent to the drug issue."

Assistant Secretary Wroblewski noted that 20 countries are involved in drug eradication efforts compared to two in 1981. "We will continue to encourage nations to cooperate in narcotics control. Our aim is simple: to reduce the availability of narcotics worldwide; this cannot be accomplished without regional and global cooperation. The U.S. understands, however, that international cooperation is but one element of a narcotics control strategy. During the coming years, we intend to address all aspects of narcotics control, fulfilling our obligations at home and abroad," she said.

Press release 50 of March 2, 1987. ■

U.S.-Mexico Binational Commission Meets

Secretary Shultz and Mexican Secretary of Foreign Relations Bernardo Sepulveda met on January 29, 1987, for the U.S.-Mexico Binational Commission meeting. Following are excerpts from the opening remarks made by Secretary Shultz and remarks made by the two Secretaries at the signing of Annex IV to the 1983 Border Environment Cooperation Agreement.

SECRETARY SHULTZ'S OPENING REMARKS, JAN. 29, 1987¹

We approach our meeting today with a sense of optimism and a positive spirit. Our challenge is to deal with the concerns and inevitable problems that accompany growth, development, and the interrelationships between us in ways which benefit both our peoples. We seek to demonstrate that two large and great nations can live border by border in harmony, with a relationship based on dialogue, cooperation, and mutual respect.

Secretary Sepulveda and I, along with our colleagues, can look back on solid accomplishments from previous Binational Commission meetings. Last summer, for example, during President [Miguel] De la Madrid's visit to Washington, we resolved our differences over tuna fishing, and restored access for Mexican tuna to the U.S. market. And only 2 days ago, President De la Madrid inaugurated a new water sanitation plant south of Tijuana, the realization of our discussions on resolving the difficult problem of water pollution in the Tijuana-San Diego area.

Today, we look ahead to the issues and problems that face us in 1987 and beyond. Some are extremely difficult and have no easy solutions. Let me mention a few of the subjects which will be discussed.

A vicious drug traffic is a social cancer infecting our children, the integrity of our societies, and the lives of dedicated law enforcement officials on both sides of the border. President Reagan and Mrs. Reagan have launched a vigorous effort to reduce the use of dangerous drugs by Americans and to combat international narcotics trafficking. Largely as a result of close cooperation between Attorney General [Edwin] Meese and Attorney General [Ramirez] Garcia, Mexico and the United States have reinvigorated our cooperation

against narcotics production and trafficking. We will discuss today further joint measures to put the drug traffickers out of business.

Since 1982, Mexico has suffered severe shocks to its economy caused in large part by the instability of international oil markets. President De la Madrid and his administration have taken important steps toward the difficult goal of adjustment and reform of the Mexican economy in response to new international circumstances.

The United States has strongly encouraged Mexico's efforts, and we will continue to cooperate with the international financial community in support of Mexico's attempt to restore economic growth and prosperity. Mexico's economic health is clearly of major importance to the United States. Today we plan to discuss how we can strengthen our economic, financial, trade, and investment ties over the coming decade. The United States has strongly encouraged Mexico's efforts, and we will continue to cooperate with

the international financial community in support of Mexico's attempt to restore economic growth and prosperity.

....

Both our countries are challenged by the ongoing conflict in Central America. We share the objectives of peace, a stable and strong democracy, and economic and social development in this nearby region. We each have our national views on how best to attain these goals. This will be an important subject in our discussions today.

Last year, the Congress passed the first major revision to U.S. immigration laws in over 30 years. Its primary purpose is to bring immigration into this country under control. We are aware of Mexico's concerns about the potential effects of this legislation on its citizens. The law provides that Mexican and other foreign citizens in the United States will be treated with dignity and respect. My government is committed to this objective and to discussing Mexico's concerns about the new law.



On January 29, 1987, Secretary Shultz and Secretary Sepulveda sign Annex IV to the U.S.-Mexico Border Environment Cooperation Agreement. The annex will control air pollution caused by copper smelters along the border and is part of the 1983 agreement signed by Presidents Reagan and De la Madrid. The two Secretaries also exchanged notes placing the annex into force along with Annex III, signed in November 1986, which controls transboundary movement of hazardous waste.

(Department of State photo)

We look forward to a productive day. We expect that, within a framework of trust and respect, we can deal frankly with the thorny issues, strengthen an already-strong relationship, and insure that our children and grandchildren, destined to inhabit this continent, will profit by enhanced dialogue and understanding between our countries.

REMARKS, JAN. 29, 1987

Secretary Shultz

The Border Environmental Cooperation Agreement was concluded in 1983 by President De la Madrid and President Reagan. We have just signed Annex IV to this agreement, which deals with the problems of air pollution from copper smelters in Arizona and Sonora. We have also exchanged notes placing that annex into force along with Annex III, which deals with transboundary movement of hazardous wastes and substances. I want to give special credit to officials from the Mexican Secretariat of Urban Development and Ecology and from EPA [Environmental Protection Agency] for their important part in negotiating these annexes. Several members of the Arizona congressional delegation are here and deserve special thanks for their advice and support on Annex IV—and it isn't surprising that people who live there take an interest—and they take an interest, and we're very delighted to be able to work with them on this.

Let me quickly note a few other areas of success. Yesterday, January 28, President De la Madrid inaugurated the first stage sewage treatment works at Tijuana. We are grateful for Mexico's efforts to address this problem. Water quality problems, for instance of the New River at Mexicali, and sanitation problems are being worked out by the International Boundary and Water Commission.

Progress is being made on the construction of the bridges between McAllen, Texas, and Reynosa, and Del Rio, Texas, and Ciudad Acuna. Bridge projects are also proposed for Brownsville and El Paso.

These are important achievements by our countries, exercising good will in dealing with common problems. In our opinion they deserve more public note. The problems get a lot of notoriety; when you do something about them, nobody notices, but we're calling it to your attention.

I might say that we've just concluded another of our periodic Binational Commission meetings. These are occasions when the ministers of various ministries—and Mexico is represented by the whole group of heavy hitters who are here—and we've had one-on-one discussions between counterparts and small group meetings, and a couple of plenary sessions—and a pretty good lunch in the process. And we have agreed that it was a constructive and worthwhile meeting summarizing and looking at the overall situation and seeing that there is a lot of good in it and a lot of room for improvement, which we are dedicated to getting.

Secretary Sepulveda

What I would wish to say is very much what you have already mentioned—the pleasure of the Mexican Government in being able to make progress with this question of protecting the environment in the border area. I think that in a very short while, we have been able to make a tremendous step forward in terms of solving the different aspects of this environmental question. Only in 1983, President Reagan and President De la Madrid signed a convention, a bilateral treaty by which we took responsibility—the two of us—for paying far greater attention to this very important issue. Since we share a common border, we have a common responsibility for insuring that the environment is kept healthy.

[These are] the third and the fourth protocols that we have signed, and they again show the capacity we have had to solve problems that we face. I join you in thanking very much indeed the Ministry of Urban Development in Mexico which was very much in charge of concluding this treaty. I also wish to point out the relevance of the plans you have mentioned. This means solving an important problem in Tijuana and in San Diego.

As to the meeting we have had, again it has been a very constructive meeting. I think that we have been able to erase from our agenda a number of issues that were there for quite a while. Now we can only hope that we shall not discuss them any longer. Some others were analyzed in a very positive fashion, and we can be certain that the good will shown throughout the series of meetings we have had will assure us of the possibility of having some of them also being erased from the agenda as solved problems.

It has been a pleasure to work together with such a distinguished group of high officials in the U.S. Administration. I'm sure that my colleagues in the

Mexican delegation join me in thanking you very much for your hospitality.

[State Department spokesman] Charles Redman. We have time for a few questions on the day's activities to be posed to either one of the ministers.

Q. I'd like to ask which are the issues which have been erased from the common agenda?

Secretary Sepulveda. Being an oldtimer, I'm sure you are aware that in previous times, in previous meetings of the Binational Commission, one of the topics included in the agenda was related to the tuna embargo—the fisheries question that fortunately was solved 4 months ago. It was a good negotiation; we were very satisfied with it. Now, that issue will no longer be there in the agenda.

The other question is that related to environmental issues, the Tijuana and San Diego question bothered us for a number of meetings. Now we can show clear progress and, again, we are very satisfied with the inauguration of the sewage plant that was made the day before yesterday by President De la Madrid.

Q. Could you maybe just give us one or two off the top of the issues that were not erased? Would those be economic—just one or two of the major issues that you're still facing?

Secretary Sepulveda. I just mentioned at the end of our meeting that some of these topics will be with us for a long time. But what is important is to see that a good will decision is there, to see that they are attended and, in some cases, solved.

As an example, the question of trade will be there for a long while, because we have a very close economic relationship. We can only hope to enhance our trade relationship. What we have to see is the different issues related to trade that have to be solved periodically.

The other question, as an example, would be the one related to drug trafficking. It was very clear that the two governments are fully committed to the combat of this aspect of organized crime; but we have to review in each of our meetings of the Binational Commission the progress that is being made, the exchange of information, and the results we are obtaining. There could be other examples—the question of migration—other issues that are there and that we have agreed that we are to look at them very thoroughly and, as I said before, make as much progress as we can.

Secretary Shultz. It's a pleasure to come to the end of a question-and-answer period and a unique experience for me [laughter] not to have any of the questions. But that being the case, let me just interject, following up Secretary Sepulveda's comments with one fact that has emerged over the last year in the economic field, which was brought home to me during the course of the meetings.

It turns out that for the first time in a long while, the flow of capital that has been—Mexican capital flowing out—has shifted. And this past year—you told me, and this [is] our information—that about \$1½ billion have flowed in the other direction. Now this is a fact of immense significance, because when the flows are out, what it means is that any new capital that is raised and goes there, in a sense, is transformed and flows out again, so it doesn't add that much to the resources available. But when private capital is flowing back in voluntarily, that means that the reschedulings and new money and so forth that you've arranged for are adding resources and have all the potential of seeing your economy improve. So I've always felt that capital movements, if you watch them, tell you a big fraction of the total story. And one reason why I've been so worried is I've seen capital flow out, and why I feel so good about the fact that it's flowing in the other direction.

¹Press release 16 of Jan 29, 1987.

²Press release 17 of Jan. 30. ■

Historical Study

Collective Security and the Inter-American System

This paper, by David S. Painter of the Office of the Historian, is one of a series that provides background information on selected foreign policy issues. It was released by the Department of State in November 1986.

The Western Hemisphere has a unique experience of international cooperation that goes back to the late 19th century. In the 1930s and 1940s, the American states developed procedures for collective response to external aggression and conflicts among nations of the hemisphere. These procedures were formalized in the Rio treaty and the Charter of the Organization of American States (OAS). They have proved valuable in preventing or halting hostilities and have also been used to mobilize support against communism.

Background, 1889–1945

The inter-American system is the oldest regional society of nations in the world, dating back to the First International Conference of American States, held in Washington from November 1889 to April 1890. The concept of collective security emerged as a major element in the inter-American system during the 1930s in response to attempts by the Axis Powers to increase their economic and political influence in Latin America. At inter-American conferences in Montevideo (1933), Buenos Aires (1936), and Lima (1938), the American states, in response to U.S. initiatives and U.S. pledges of non-intervention, agreed that whenever the peace of the hemisphere was threatened, the foreign ministers of the American republics would meet to consult on possible common action. A series of resolutions adopted at the first three meetings of foreign ministers (Panama, 1939; Havana, 1940; and Rio de Janeiro, 1942) further developed the inter-American system of collective security as the American states affirmed the principle of hemispheric solidarity against external aggression and established mechanisms to promote defense of the hemisphere. Meeting in Mexico City in March 1945, the American states adopted the Act of Chapultepec, which provided for collective action, including the possibility of the use of armed force,

against aggression from either a non-American or hemispheric nation and pledged the signatories to negotiate a permanent inter-American collective security treaty once the war had ended.

The Rio Treaty

The goals of solidarity, cooperation, and collective response to aggression and the procedures for consultation developed in the late 1930s and early 1940s were formalized in the Rio treaty (the Inter-American Treaty of Reciprocal Assistance), adopted at the Inter-American Conference for the Maintenance of Continental Peace and Security, held near Rio de Janeiro between August 15 and September 2, 1947. The Rio treaty established a permanent inter-American regional security mechanism within the framework of the UN Charter.

Under the treaty's terms, the signatory nations agreed to act collectively in the event of aggression against any one of them whether it was an armed attack or some other type of threat to their territory, sovereignty, or independence. Collective action could be taken not only against non-American aggressors but also against any member of the regional community which threatened the peace. The treaty provided that any party to its terms could initiate a meeting of foreign ministers by making a request to the Governing Board of the Pan American Union (predecessor of the Permanent Council of the Organization of American States). The Governing Board could also act provisionally as the organ of consultation until a meeting of foreign ministers could assemble. Decisions on the application of sanctions against aggressors had to be approved by a two-thirds vote of a consultative meeting and were binding on all signatories, with the exception that no member could be required to use armed force without its consent. The Rio treaty went into effect on December 3, 1948.

The OAS Charter and Collective Security

At the Ninth International Conference of American States, held at Bogota from March 30 to May 2, 1948, the American

republics approved a Charter of the Organization of American States (OAS), which placed the inter-American system on a treaty basis and set forth its guiding principles, defined the rights and duties of its members, and described its organizational structure.

Among the essential purposes of the OAS, the charter included strengthening the peace and security of the hemisphere; preventing disputes among member states and ensuring the peaceful settlement of disputes that did arise; common action by the American states in the event of aggression; seeking the solution of inter-American political, juridical, and economic problems; and promoting economic, social, and cultural development.

The OAS Charter provided for a number of collective security mechanisms to deal with threats to the peace and security of the Americas. Meetings of foreign ministers were to be held to consider problems of an urgent nature and to serve as the organ of consultation. The charter specified how and when such meetings should assemble and further provided that in cases of aggression, the American states "shall apply the measures and procedures established in the special treaties on the subject." The charter also declared that "no State or group of States has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State." Measures "adopted for the maintenance of peace and security in accordance with existing treaties," however, did not constitute a violation of this principle. The OAS Charter went into effect on December 13, 1951.

The Bogota conference also approved an American Treaty on Pacific Settlement, known as the pact of Bogota, which provided for good offices, mediation, investigation, conciliation, and arbitration of disputes. The treaty entered into force only for those states ratifying it and, so far as their relations were concerned, superseded a number of prior inter-American agreements on peaceful settlement of disputes to which they were party. To date, 14 states have ratified the treaty. The United States signed the treaty but has not ratified it.

Collective Security in Action

Collective security procedures have been applied under both the Rio treaty and the OAS Charter, most often under the former but with reference to the latter on several occasions. The majority of

Members of the Organization of American States and Signatories to the Rio Treaty

States	OAS Members -	Rio Treaty -
Antigua and Barbuda	Dec. 3, 1981	
Argentina	Apr. 10, 1956	Aug. 21, 1950
The Bahamas	Mar. 3, 1982	Nov. 24, 1982
Barbados	Nov. 15, 1967	
Bolivia	Oct. 18, 1950	Sept. 26, 1950
Brazil	Mar. 13, 1950	Mar. 25, 1948
Chile	June 5, 1953	Feb. 9, 1949
Colombia	Dec. 13, 1951	Feb. 3, 1948
Costa Rica	Nov. 16, 1948	Dec. 3, 1948
Cuba	July 16, 1952	Dec. 9, 1948
Dominica	May 22, 1979	
Dominican Republic	Apr. 22, 1949	
Ecuador	Dec. 28, 1950	Nov. 7, 1950
El Salvador	Sept. 11, 1950	Sept. 11, 1950
Grenada	May 13, 1975	
Guatemala	Apr. 6, 1955 ²	Apr. 6, 1955 ²
Haiti	Mar. 28, 1951	Mar. 25, 1948
Honduras	Feb. 7, 1950	Feb. 5, 1948 ²
Jamaica	Aug. 20, 1969	
Mexico	Nov. 23, 1948	Nov. 23, 1948
Nicaragua	July 26, 1950	Nov. 12, 1948 ²
Panama	Mar. 22, 1951	Jan. 12, 1948
Paraguay	May 3, 1950	July 28, 1948
Peru	Feb. 12, 1954 ²	Oct. 25, 1950
St. Christopher-Nevis	Mar. 13, 1984	
St. Lucia	May 22, 1979	
St. Vincent and the Grenadines	Dec. 3, 1981	
Suriname	June 8, 1977	
Trinidad and Tobago	Mar. 17, 1967	June 12, 1967
United States	June 19, 1951 ²	Dec. 30, 1947
Uruguay	Sept. 1, 1955	Sept. 28, 1948
Venezuela	Dec. 29, 1951	Oct. 4, 1948

¹Date of deposit of the instrument of ratification.

²With reservation(s). ■

cases have involved longstanding inter-American tensions, rivalries, or territorial disputes, and the collective security mechanisms of the inter-American system have generally been able to halt hostilities among disputants, if not to resolve the underlying causes of conflict. In many instances Permanent Council action has been sufficient, and the foreign ministers have not had to meet.

With a few exceptions, OAS action has consisted of investigating conditions and facilitating peaceful settlement of disputes. Sanctions were first imposed in 1960 when the sixth meeting of foreign ministers called on member states to break diplomatic relations and suspend trade in arms with the Dominican Republic.

Although the inter-American system's collective security arrangements provide for the use of armed force in certain instances, the American states have been reluctant to exercise this option. In the case where military personnel have been utilized in conflict resolution, their role, with few exceptions, has been limited to that of observers or expert members of fact-finding missions.

Communism and the Cuban Threat

Several applications of collective and security mechanisms have involved the issue of communism, and since 1959 the Castro regime in Cuba has been a source

of special concern. The 1948 Bogota conference and the fourth meeting of foreign ministers (1951) adopted U.S.-sponsored resolutions condemning communism and calling on the American states to adopt measures to eradicate and prevent communist activities.

In response to U.S. initiatives, the Tenth Inter-American Conference, held in Caracas in March 1954, declared that control of the political institutions of any American state by the international communist movement would constitute a threat to the independence and peace of the Americas and would call for a consultative meeting in accordance with provisions of the Rio treaty.

In June 1954, the United States and nine other member states requested a meeting of foreign ministers under the provisions of the Rio treaty due to "the demonstrated intervention of the international communist movement in the Republic of Guatemala and the danger which this involves for the peace and security of the Continent." Although the OAS council voted to convoke a meeting of foreign ministers, the Guatemalan Government was overthrown before the ministers could assemble.

In August 1960, the seventh meeting of foreign ministers adopted the Declaration of San Jose which, while not naming Cuba specifically, condemned "the intervention or the threat of intervention" by an extracontinental power in the affairs of the American republics, and rejected the efforts of the "Sino-Soviet powers" to destroy hemispheric unity.

The eighth meeting of foreign ministers, held in Punta del Este from January 22 to 31, 1962, rejected communism as a means of achieving economic development and social justice and declared that adherence by any OAS member to Marxism-Leninism was incompatible with the inter-American system. This incompatibility, a majority of the foreign ministers decided, excluded the present Government of Cuba from participation in the inter-American system. The meeting of foreign ministers called on members to suspend trade in arms with Cuba, excluded Cuba from participation on the Inter-American Defense Board (IADB), and established a Special Consultative Committee on Security (SCCS) to make recommendations on countering international communist subversion in the hemisphere. (The OAS terminated the SCCS in December 1975.)

Following the discovery of arms originating in Cuba on the Venezuelan coast in late 1963, the ninth meeting of foreign ministers, held in Washington in

July 1964, condemned Cuba for seeking to subvert and overthrow the Government of Venezuela and imposed sanctions which included the breaking of diplomatic and consular relations and the suspension of trade and sea transportation, except for foodstuffs, medicine, and medical equipment.

Three years later, the 12th meeting of foreign ministers condemned Cuba for its intervention in Venezuela, Bolivia, and other American states and appealed to other Western states to restrict their trade with Cuba.

By the end of the 1960s, several states had begun to question continuing sanctions against Cuba. After the 15th meeting of foreign ministers in November 1974 failed to adopt a resolution calling for an end to sanctions, the 16th meeting of foreign ministers, on July 29, 1975, approved a resolution which left member states "free to normalize or conduct in accordance with the national policy and interests of each their relations with the Republic of Cuba at the level and in the form that each State deems advisable."

An Inter-American Peace Force

The Rio treaty created the political framework for collective security, but it did not establish a combined military command (such as NATO) nor a military planning agency. Since its creation by the third meeting of foreign ministers in 1942, the IADB has performed an advisory role outside the formal structure of the OAS. In 1962, with U.S. assistance, the IADB established an Inter-American Defense College to provide advanced training for selected personnel from the armed forces of the Americas.

In these circumstances, inter-American peacekeeping forces have been *ad hoc* and temporary. In October 1962, at the urging of the OAS Council, Argentina and the Dominican Republic participated in the U.S. quarantine of Cuba. In 1965, the 10th meeting of foreign ministers sponsored the creation of an inter-American peace force to help restore peace in the Dominican Republic.

Following the Dominican experience, some OAS members, led by the United States, called for the creation of a permanent inter-American peace force to serve as the military arm of the organization in future collective actions. Although this idea was discussed at various inter-American conferences over the next 2 years, it failed to gain the support of a majority of American states. The OAS also rejected a June

1979 U.S. proposal to establish an OAS peacekeeping force to help restore order in Nicaragua and provide conditions under which free elections could be held.

OAS Charter and Rio Treaty Revisions

Almost two decades after the Bogota conference of 1948, the Third Special Inter-American Conference met in Buenos Aires between February 15 and 27, 1967, and approved a series of amendments to the OAS Charter (protocol of Buenos Aires). The protocol created the General Assembly as the new supreme body of the OAS (replacing the Inter-American Conference) and strengthened and broadened the organization's economic and social functions. No structural or procedural changes were made in the organization's security functions, nor was the Rio treaty affected by the charter amendments. The amendments went into effect in February 1970.

In July 1975, a conference of plenipotentiaries meeting in San Jose approved a protocol of amendment to the Rio treaty drafted by the Special Committee to Study the Inter-American System, created by the OAS General Assembly in 1973. Among its provisions, the protocol narrowed the geographic area covered by the treaty, eliminating Greenland and some high seas areas; limited its applicability to member states rather than to all American states; provided that nothing in the treaty was to be interpreted as impairing "the principle of nonintervention and the right of all States to choose freely their political economic and social organization;" and added a provision stating that "for the maintenance of peace and security in the Hemisphere, collective economic security for the development of the Member States of the Organization of American States must also be guaranteed through suitable mechanisms to be established in a special treaty."

The United States, in signing the protocol, included a reservation stating that it accepted "no obligation or commitment to negotiate, sign or ratify a treaty or convention on the subject of collective economic security." This reservation was retained when the United States ratified the protocol on September 20, 1979. To date, only 7 member states (of the 14 necessary for the amendments to enter into force) have ratified the protocol of amendment. ■

A Plan for Fully Funding NBCCA Recommendations

"A Plan for Fully Funding the Recommendations of the National Bipartisan Commission on Central America" is a report to the President and the Congress prepared by the Department of State, Agency for International Development, and the Office of Management and Budget in March 1987.

PRESIDENT'S MESSAGE TO THE CONGRESS, MAR. 3, 1987

The one hundred million dollars in assistance for the Nicaraguan democratic resistance approved by Congress in October of last year was intended as only one aspect of an integrated, comprehensive approach for United States efforts to promote economic and political development, peace, stability and democracy in Central America and to encourage a negotiated resolution of the conflict in the region. In that law (Title II of the Act making appropriations for military construction for the fiscal year ending September 30, 1987, as contained in Public Laws 99-500 and 99-591, hereinafter "the Act"), the Congress recognized, as does the Executive branch, that the Central American crisis has its roots in a long history of social injustice, extreme poverty, and political oppression. These conditions create discontent, which is often exploited by communist guerrillas in their war against democracy. The focus of United States policy in Central America goes beyond the military aspects of the problem. To help address the underlying social and economic causes of conflict in the region, the Congress directed that additional economic assistance be made available for four Central American democracies: Costa Rica, El Salvador, Guatemala, and Honduras.

Progress Toward Democracy

Democracy is making great strides in these four countries. Their progress in building societies in which their citizens enjoy freedom of choice and equal justice under law stands in marked contrast to the totalitarian subjugation suffered by the Nicaraguan people. This progress, however, cannot be sustained without concurrent economic growth. Political freedom cannot prosper in an environment of hunger and despair. Nor, as found by the National Bipartisan Commission on Central America (NBCCA), can we expect the Central American democracies to recover from a severe economic recession without significant outside assistance. The Central American democracies cannot attract adequate private investment to achieve sustainable economic growth in the current

environment of violence and subversion. The four democratic nations of Central America will have little appeal for investors as long as there is an aggressive communist regime nearby—a militant regime bent on ideological expansion and already in command of the largest army in the history of Central America.

Congressional Attempt To Aid the Democracies

To help the Central American democracies preserve their hard-earned progress in making democracy work, the Congress in October 1986 approved in section 205 of the Act the transfer of three hundred million dollars in unobligated funds for economic assistance to the Central American democracies. Title III of the Act also appropriated an additional three hundred million dollars for this purpose, to be available through fiscal year 1987. Unfortunately, despite the best intentions of those in the Congress who supported the additional assistance for Central America and despite this Administration's strong support for that assistance, the Foreign Assistance Appropriations Act mandated that the three hundred million dollars be regarded as part of the specified (and very limited) FY 1987 worldwide total for economic support fund assistance, thus precluding us from considering this sum as additional assistance. As a practical result there could be no increased aid for Central America. When this became apparent, we shared the great disappointment of bipartisan supporters in the Congress, not to mention the Central Americans who were counting on this assistance after it had been approved in both the Senate and House of Representatives.

Report to Congress on Assistance Needs

Clearly, there is the desire in the Congress to make good on this commitment. Toward that end, there is a provision in the law that the Executive branch should develop a plan for fully funding the assistance to the Central American democracies proposed in the January 1984 report of the National Bipartisan Commission on Central America. I am transmitting that plan to the Congress with this message.

The Bipartisan Commission determined that the Central American crisis was the result of a long history of interrelated political, security, and socio-economic conditions and recommended a greatly expanded financial assistance program for the years 1984-89. The Central America Democracy,

Peace and Development Initiative (CAI), transmitted to the Congress in February 1984, was designed to accomplish most of the NBCCA's recommendations. This program concentrated on strengthening democratic institutions, arresting economic decline while promoting stabilization and recovery and increasing the benefits of growth. Results in the political sector have been more rapid than anticipated. In the economic and social areas much also has been achieved. Nevertheless, this progress remains fragile and much remains to be done. The plan herewith transmitted to the Congress proposes a 3-year extension of the program's execution until 1992. The extension would increase the total amount of funds originally recommended in the CAI for the period FY 1984 to FY 1989 from \$6.4 billion to \$6.9 billion in appropriated funds for the period FY 1984 to FY 1992. As economic recovery in the region proceeds, the benefits of growth, economic and political stabilization will be enjoyed by an ever-increasing percentage of the region's population.

After reviewing the findings of this study, I have concluded that additional assistance is required immediately in order to help meet the economic goals of the Bipartisan Commission and to keep faith with the millions of men and women who through hard work and sacrifice are making democracy a living reality in Central America.

This assistance is urgently required to help meet the great economic and social needs of the struggling democratic governments of the region. By generating conditions of violence in Central America that undermine prospects for economic growth, the communist government of Nicaragua works to discredit the democratic system as a viable alternative for development. To offset this effort, it is the responsibility of the friends of democracy to help Central America's democrats prove that even in adversity democracy offers their people a better way of life. The Soviet Union and its allies have provided the Sandinista regime military hardware and sufficient economic aid to keep Nicaragua's failed economy afloat. The United States must help those small nations in Central America that have chosen freedom.

Request for Additional Assistance

To carry out the recommendations contained in the report being forwarded to the Congress, Section 215(2) of the Act further provides expedited procedures for requests from the President for additional economic assistance for the Central American democracies. I hereby request that such expedited consideration be given to my request for an additional \$300,000,000 for fiscal year 1987 as economic support fund

WESTERN HEMISPHERE

assistance for Costa Rica, El Salvador, Guatemala, and Honduras, notwithstanding section 10 of Public Law 91-672.

In order to assure that this additional assistance is fully consistent with applicable requirements of law and sound budget principles, I further request that the amounts made available for this additional economic assistance for Central America be transferred from unobligated balances in such accounts as I may designate for which appropriations were made by the Department of Defense Appropriations Act, 1985 (as contained in

Public Law 98-473); the Department of Defense Appropriations Act, 1986 (as contained in Public Law 99-190); the Department of Defense Appropriations Act, 1987 (as contained in Public Laws 99-500 and 99-591); and the Department of State Appropriations Act, 1987 (as contained in Public Laws 99-500 and 99-591).

I urge the prompt enactment of a joint resolution expressing approval of this request.

RONALD REAGAN

LETTER TO THE PRESIDENT, FEB. 17, 1987

The Congress has instructed the Secretary of State, the Administrator of the Agency for International Development, and the Director of the Office of Management and Budget to develop a plan for fully funding assistance to the Central American democracies proposed in the January 1984 report of the National Bipartisan Commission on Central America. The legislation required that a report describing the plan for full funding of the recommendations be provided to the Congress no later than March 1, 1987. We have completed our work, and we are very pleased to transmit the report to you.

Our report indicates that, with our help, the Central American democracies have made great strides in improving democratic processes and respect for human rights, the essential underpinnings of all free societies. Significant progress also has been made toward economic stabilization in the region. In addition, more free market-oriented economic policies are beginning to develop. If these policies can be nurtured and there is further progress in this direction, a key objective of the plan described in our report, then the foundation will have been laid for sustained economic growth. The report also relates achievements and goals in spreading the benefits of economic and social progress. To help ensure that this progress is solidified, the report recommends that the timeframe of the plan be extended to 1992 with a modest increase of \$500 million in the originally recommended levels of financing to be provided by the United States.

The ongoing process of realizing inter-related political, social, economic, and security objectives of our Central American neighbors remains fragile. While a great deal has been accomplished, much remains to be done. If the recommendations set forth in the report are implemented by the Central American governments with the support and encouragement of the United States, there is reason to expect further progress toward achieving stronger democracies, more solidly based economies, and greater social equity, in a more stable and secure environment. These goals are of fundamental importance to U.S. national interests.

Sincerely,

GEORGE P. SHULTZ
Secretary of State

JAMES C. MILLER III
Director, Office of
Management and Budget

M. PETER MCPHERSON
Administrator, Agency for
International Development



(Courtesy of Agency for International Development)

An AID irrigation project helps small farmers produce nontraditional crops for export.

Summary

In the Continuing Resolution of October 1986¹, Congress requested that the Secretary of State, the Administrator of AID, and the Director of OMB develop a plan for fully funding the assistance to the Central American democracies proposed in the January 1984 report of the National Bipartisan Commission on Central America (NBCCA). Congress also requested that the report include recommendations on how more effective use can be made of U.S. agricultural commodities in alleviating hunger and contributing to the economic development in the region.

This paper outlines the Commission's recommendations, assesses the status and prospects of achieving these in Costa Rica, El Salvador, Guatemala, and Honduras, as required by law. Consistent with the original NBCCA report, it also addresses Belize and Panama. It proposes a plan for fully funding the assistance proposed by the NBCCA. The paper also includes a section on agricultural commodity assistance and agricultural programs, prepared in consultation with the Secretary of Agriculture.

Essential Recommendations of the Commission

The NBCCA determined that the crisis in Central America had indigenous roots in a long history of social injustice, maldistribution of national income, government oppression, and closed political systems. It identified three inseparable elements of the crisis—political, security, and social/economic issues.

In the economic and social areas, the Commission recommended a greatly expanded financial assistance program and estimated that \$21 billion (excluding Nicaragua) would be required (including \$10–\$12 billion in U.S. assistance) for the period 1984–90. The NBCCA stressed its belief that economic progress would depend on reductions in regional violence, improved economic policies, and performance by the Central American economies, increased economic assistance beginning in 1984, and an ever-improving world economic environment. Not all of these assumptions have been borne out since 1984. To address the political and security elements, the NBCCA recommended multiyear funding of military aid to the region, without specifying funding levels.

In February 1984, the President transmitted to Congress proposed legislation—known as the Central America Democracy, Peace, and Development Initiative (Central America Initiative or CAI)—which encompassed many of the NBCCA's recommendations and requested \$8.4 billion in U.S. Government assistance and guarantees for the region for the period FY 1984–89. The Central America Initiative concentrated on the economic, social, and democratization areas and emphasized four principal goals:

- Strengthening democratic institutions and processes;
- Arresting economic decline and promoting economic stabilization;
- Laying the basis, through structural transformation, for sustained economic growth; and
- Increasing equity and spreading the benefits of economic growth.

The CAI was launched in 1984, when Congress approved \$370 million in supplemental funds, and its basic policy provisions were enacted in 1985 as a new Chapter 6, Part I, of the Foreign Assistance Act of 1961.

Prospects for Achieving the Commission's Objectives

In the political sphere, there has been rapid and substantial progress.

Democratization and Human Rights. As proposed in the CAI, U.S. efforts and assistance now focus on facilitating the electoral process, strengthening national legislatures, improving the administration of justice, expanding citizen participation in democratic processes, and promoting freedom of the press.

In the economic and social sphere, the CAI proposed an ambitious series of goals, and, despite difficulties, much has been achieved.

Economic Stabilization. Sharply increased economic assistance has facilitated an upturn in the region's economic situation. Nevertheless, progress toward recovery is fragile and the continued implementation of improved policies is vital.

Structural Transformation. The CAI proposed a strategy for generating economic growth, based primarily on increased private investment and the rapid growth of nontraditional exports. Investment levels have increased

modestly but steadily. The growth in nontraditional exports has been very encouraging.

Spreading the Benefits of Economic Growth. The CAI emphasized rapid economic growth as the most important vehicle for achieving higher standards of living. In some countries, this is likely to be insufficient to ensure benefits for poorer groups. Therefore, a number of specific programs in the education, health, family planning, and housing fields are being implemented. Although significant progress has been achieved, not all of the original targets have been met.

Regional Security. The defensive capability of the region's democracies has been strengthened. Central American militaries have used U.S. assistance to improve organization, training, and equipment. Fostering stability in the region is a long-term undertaking, however, and it is unlikely that broad U.S. security objectives for the region will be fully realized by the end of the decade.

Problems Encountered. While substantial progress has been made toward achievement of the Commission's objectives, this progress has taken place under conditions substantially more adverse than those assumed by the Commission. External economic trends, notably world prices for Central America's main export commodities, have been substantially worse than anticipated. The Commission projected that the military/security climate would be largely resolved within 18 months from the time of the report. There have been improvements, but the military/security climate remains unsettled and is a major impediment to capital investment and economic recovery.

The Need for Full Funding of NBCCA Recommendations

Economic assistance levels for Central America have been substantial over the past 3 years, but they have been diminishing and falling short of the levels recommended by the NBCCA, particularly with respect to appropriated funds. The shortfall in appropriated funds will be approximately \$760 million by the end of FY 1987, assuming passage of the \$300 million requested as supplemental economic assistance for the Central American democracies. This \$300 million is needed immediately. Any reduction in the FY 1987 supplemental,

Key Facts on the Commission

The National Bipartisan Commission on Central America (referred to in this study as "the Commission") was named in July 1983 by President Reagan to advise on "a long-term U.S. policy that will best respond to the challenges of social, economic, and democratic development in the region and to internal and external threats to its security and stability."

Henry A. Kissinger served as Commission Chairman. The Commissioners were: Nicholas F. Brady, Henry G. Cisneros, William P. Clements, Jr., the late Carlos F. Diaz-Alejandro, Wilson S. Johnson, Lane Kirkland, Richard M.

Scammon, John Silber, the late Potter Stewart, Robert S. Strauss, and William B. Walsh. Senior Counselors were Jeane Kirkpatrick, Winston Lord, William D. Rogers, Daniel K. Inouye, Pete V. Domenici, Lloyd Bentsen, Charles McC. Mathias, William S. Broomfield, Jack F. Kemp, James C. Wright, and Michael D. Barnes. Harry W. Shlaudeman served as Executive Director.

The Commission submitted its report to the President on January 10, 1984. The complete text was published commercially as *The Report of the National Bipartisan Commission on Central America* (N.Y.: MacMillan Publishing Co., 1984).

of course, will increase the shortfall further.

We propose to fund the Central America Initiative fully by extending the period of execution of the program by 3 years to 1992. This would increase the originally recommended amount of appropriated funds by approximately \$500 million to a total of \$6.9 billion, while the level of \$2 billion in guarantees remains unchanged. It is important to note that if the Central America Initiative had ended in 1989, an ongoing assistance program would have been required to consolidate and sustain economic and social progress. The proposed extension is responsive to funding limitations under the budget deficit reduction act and reflects the difficulties inherent in the implementation by sovereign governments of essential reforms. It also reflects the political and security realities of the region, the external conditions of world markets, the limited availability of external capital from other public and private sources, and investment attitudes. The decision to extend the CAI is a practical response to a changed situation.

The 3-year extension would ensure that:

- There is a solid trend in all the countries toward democratization;
- The region's economies are stabilized;
- Essential structural reforms are institutionalized; and
- Mechanisms are in place for a broader distribution of increasing economic benefits.

The projected assistance levels also reflect a shift in focus, beginning in FY 1989, away from stabilization and

toward an increased emphasis on structural transformation that leads to economic growth and a broadening of its benefits. The levels are predicated on the assumption that the Central American governments will implement economic measures to promote export-led growth and essential structural reforms. We hope that the major economic objective of the CAI—recovery—will be achieved by FY 1992 and that the need for economic support assistance will be less. Central America's development is a long-term proposition, however, and a need for well-designed development assistance programs will continue beyond 1992.

The extended program will not vary significantly from that currently underway, although the pace of accomplishment will vary among countries and goals. U.S. assistance to democratization has grown in size and sophistication and will continue to focus on facilitating the election process, strengthening the capabilities of legislators, improving on the administration of justice, expanding citizen participation, promoting freedom of the press, and providing new training and educational opportunities for Central Americans in the United States under the Central American Peace Scholarship program. The term and level of continued balance-of-payments support for economic stabilization will vary by country but should decline significantly by 1992. The focus of our economic support assistance will shift toward macroeconomic and sector policies designed to institutionalize sustained growth, as the requirement for balance-of-payments support declines. As economic stabilization benefits are achieved, progress to ensure the

spreading of the benefits of the region's economic growth will increase.

Agricultural Commodity Assistance and Agricultural Programs

The United States has provided increasing amounts of food commodities to Central America and continues the effort to use its programs more effectively to alleviate hunger and contribute to economic development in the region. The Administration uses its food aid authorities to support the CAI, primarily through traditional PL 480 programs, Section 416 of the Agriculture Act of 1949, new benefits allowed under PL 480, and the new Food for Progress program. In addition, the Central American governments are undertaking under PL 480 self-help activities designed to contribute to their general economic development.

The CAI was not designed to solve all of Central America's problems in 5 or 6 years but rather to assist these countries to take the essential steps required to establish the basis for gradual, steady, and sustainable political and economic progress over the longer term. These are still achievable goals and significant progress has been made toward them. It is clear, however, that the timeframe for laying a firm political and economic foundation must be extended. Also, our firm commitment to the NBCCA and the CAI objectives must be sustained into the next decade, if we and the Central American democracies are to succeed in achieving the goals of the NBCCA.

I. Essential Recommendations of the Commission

MAJOR GOALS

The National Bipartisan Commission on Central America found that the Central American crisis had indigenous roots in a long history of social injustice, maldistribution of national income, government oppression, and closed political systems. The crisis had been brought to a head by an ongoing international economic recession and Soviet-Cuban intervention in the region. The Soviet- and Cuban-supported Nicaraguan military buildup, the Sandinista export of revolution, and the Marxist insurgency in El Salvador were signs of a deteriorated security environment.

Efforts to achieve peace, social progress, and economic well-being were undercut by extremist violence, subversion, and externally supported insurgency. Fundamentally, the crisis elements were political, security, and economic/social issues that were intertwined; none could be separated, and each had an impact on the others.

Therefore, the analyses and recommendations of the NBCCA report were organized around these three major categories. (See Appendix A for a list of the report's major recommendations and a summary.²)

OVERVIEW OF CONDITIONS, 1983-84

During the summer of 1983, when the NBCCA began its deliberations, Central America probably was experiencing its most serious crisis.

- The security of Guatemala and El Salvador was seriously threatened by leftist insurgencies, widespread political violence from the extreme right, and significant human rights abuses.
- Nicaragua was providing sites for the command, control, training, and logistical support of Salvadoran insurgents; the country was becoming increasingly militarized.
- Soviet-bloc deliveries of military supplies to Nicaragua had grown; Soviet, Cuban, and other Soviet-bloc military personnel numbered in the thousands.
- El Salvador already had suffered as much as \$1 billion in damage to infrastructure and other economic losses from the conflict.
- Between 1980 and 1983, the region's per capita income declined 12% (almost 20% in El Salvador, following an already sharp decline between 1978 and 1980).
- Between 1980 and 1982 approximately \$1.5 billion in capital had left the region.
- Private investment had plummeted.
- The region's external debt was \$10 billion.
- More than one-half million refugees and displaced persons were in the region, and perhaps as many had fled.
- Foreign exchange reserves were depleted.
- Social services were deteriorating.
- Judicial systems in some countries were virtually inoperative, suffering from decades of neglect and abuse by entrenched interests.

• Only two countries (Costa Rica and, since 1982, Honduras) had democratically elected presidents. (Newly independent Belize also had an elected prime minister, who had come to office during the British colonial administration.)

NBCCA FUNDING PROPOSALS

On the economic side, the NBCCA recommended an expanded financial assistance program sufficiently large and comprehensive to help Central Americans recreate conditions for "sustainable economic growth." A major objective was to recover, by the end of this decade, the per capita income levels of 1980 for five countries (i.e., Belize, Costa Rica, El Salvador, Guatemala, and Honduras) and that of 1982 for Panama. This would require an average annual real growth rate of about 6% by 1990—a difficult goal under the best of circumstances.

The NBCCA estimated that an external financing requirement of \$24 billion for the region (\$21 billion excluding Nicaragua), most of which would have to come from official creditors. Approximately \$12 billion was expected to come from international institutions, other donor countries, and through loans and investment from private sector sources. The estimate also included at least \$10–\$12 billion in U.S. financial assistance and guarantees over the period 1984–90. The NBCCA proposed a program of U.S. Government assistance of \$8 billion over the next 5 fiscal years (FY 1985–89).

Achievement of the economic recovery target was predicated on four assumptions.

- Without a considerable reduction in the levels of violence, efforts to revive the regional economy would fail.
- Over time, the Central American countries would adopt a coherent set of economic policies.
- External economic assistance would increase significantly beginning in 1984.
- The global economic environment would continue to improve.

On the political/security side, the NBCCA recommended multiyear funding of military aid to the region to ensure predictability of support over the long term. For El Salvador, the NBCCA recommended more military assistance based upon sufficient progress in human rights, free elections, and political reforms. The recommended approach

Central America Defined

There are seven sovereign nations on the isthmus between Colombia and Mexico—Panama, Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala, and Belize—but not all are necessarily included when the term "Central America" is used.

For purposes of addressing the Central American security and diplomatic crises, the Commission focused on five countries: El Salvador, Honduras, Nicaragua, Guatemala, and Costa Rica. This is the same definition as that of the Contadora process. These states together made up the Captaincy-General of Guatemala during the Spanish colonial period and have shared traditions and cultural similarities.

For purposes of addressing Central American economic and political development, however, the Commission included Belize and Panama. Unless otherwise noted, economic data cited in this report is for Belize, Costa Rica, El Salvador, Guatemala, Honduras, and Panama. Nicaragua does not publish up-to-date data on its economic performance and has excluded itself from U.S. development activities.

required strengthening the professionalization of each country's armed forces in order to combat insurgency and deter the Nicaraguan military threat. Without sufficient improvement in the regional security situation, meaningful political, economic, and social progress would be impossible.

THE CENTRAL AMERICAN INITIATIVE

The Commission formally submitted its report to the President on January 10, 1984. On February 21, the President transmitted to the Congress proposed legislation for FY 1984–89, known as the Central America Democracy, Peace, and Development Initiative, which encompassed more than 40 of the NBCCA's recommendations. To implement the program, \$8.4 billion in U.S. assistance (including \$2 billion in guarantees) was requested for the period (see Appendix B).

Although the Congress did not agree to commit itself to fund a multiyear program until 1985, on August 10, 1984, it did appropriate \$370 million to begin implementing the Commission's recommendations. The FY 1985 Continuing Resolution of October 12, 1984, contained 88% of the \$1.11 billion in economic assistance funds requested by

the Administration for the coming fiscal year. The proposed strategy, funding, and supporting activities were organized around four fundamental elements or goals.

Strengthening democratic institutions and processes to bring about greater participation in the political and development processes. This element, perhaps the most important to the long-term success of our effort, recognized that the basic purpose of economic development is increased human welfare, best achieved within a democratic environment. It initially focused on improving electoral and judicial institutions and processes and on a major new scholarship program.

Arresting economic decline and stabilizing the region's economies. The principal means would be world economic recovery, balance-of-payments support from external sources, and implementation by the Central American countries of sound exchange rate, monetary, and fiscal policies. It was hoped that this phase would be completed in 2-3 years, depending on the level of violence, the amount of external assistance, conditions in the world economy, and the will of the countries to initiate stabilization measures.

Economic transformation and laying the basis for sustained economic growth. Economic policy reforms were needed to decrease dependence on traditional agricultural export crops and to create a sound foundation for diversified and export-led growth of nontraditional agricultural crops and manufactures, once political and economic stability was achieved. This is a much longer process than financial stabilization and involves a series of continuing reforms in such areas as exchange rate, interest rate, and tariff policies, as well as other measures to stimulate private savings and investment, diversify the region's production and export base, and develop markets for diversified production.

Increased equity and spreading the benefits of economic growth. The CAI called for improvements in infant mortality rates, primary school enrollments, housing and infrastructure, and other areas affecting socioeconomic well-being.

II. Prospects for Achieving NBCCA Objectives

DEMOCRATIZATION AND DIPLOMATIC EFFORTS

There has been substantial progress in Central America toward institutionalizing democratic processes and improving respect for human rights. While democratic institutions in El Salvador, Honduras, and Guatemala are still fragile and need continued support, progress has been more rapid than many anticipated. Since May 1984, El Salvador, Guatemala, Honduras, and Costa Rica have held open and honest presidential elections, as was the parliamentary election in Belize.

With the return to constitutional government in several countries, respect for human rights also has improved. In Guatemala and El Salvador, the number of politically motivated deaths and disappearances has been reduced dramatically.

There also has been a fundamental change in military attitudes about the need to respect human rights in countries where, in the past, military and security forces had been involved in gross violations of human rights. Nowhere is that change more apparent than in El Salvador, where both the military and civilian leadership are committed to improved human rights performance. Military personnel now receive human rights training, and the National Police recently inaugurated a comprehensive course in human rights that is mandatory for all personnel. In the past 2 years, human rights violations have been reduced to a fraction of their previous levels. Similar improvements in human rights performance have occurred in Guatemala.

The relationship of the military to the state also has been the subject of important legislative changes. In several countries basic laws governing the military have been changed to prohibit or limit its participation in politics.

Nicaragua remains the major exception to the democratic advances in Central America. The Sandinista government continues to work actively against the democratic trend within and outside that country's borders. Democracy also suffered a setback in Panama in 1985 when the country's elected president resigned under pressure from opponents including the Panamanian Defense Force.

Under the CAI, U.S. assistance to the process of democratic political development in Central America has increased in scope and sophistication. We have a strategy for supporting democratic political developments, based on the recognition that democracy is an evolutionary process involving a range of civic institutions, cultural attitudes, and sociopolitical resources. U.S. efforts to promote and strengthen democracy in the region focus on the following areas: facilitating the electoral process, strengthening national legislatures, improving the administration of justice, expanding citizen participation in democratic processes, promoting freedom of the press and democratic labor organizations, and exposing thousands of Central American youths and future leaders to life in the United States.

The United States has implemented new methods to reinforce its traditional support for democratic institutions, such as labor unions, private and voluntary organizations, and cooperatives. For example, the United States Information Agency (USIA) has increased its programming of U.S. speakers traveling to Central America and of Central Americans invited to the United States to discuss democratic processes. (For further details on USIA's programs, see Appendix D.) AID, with USIA's assistance, has initiated a scholarship program to bring to the United States Central Americans from nonelite backgrounds who otherwise would not have an opportunity to study here.

The U.S. Government also has encouraged the activities of nongovernmental organizations, particularly the National Endowment for Democracy and affiliated institutes of the U.S. Chamber of Commerce, the AFL-CIO, and the Republican and Democratic Parties.

A major U.S. effort involves support for improving the administration of justice. In March 1985, AID provided funding for the UN-affiliated Latin American Institute for the Prevention of Crime and Treatment of Offenders (ILANUD) to expand its assistance to the Governments of Costa Rica, El Salvador, Guatemala, Honduras, and Panama. The 5-year ILANUD program has three principal components:

- Training courses for judges, prosecutors, and other judicial system personnel;
- Technical assistance to improve the collection of criminal statistics, to modernize information systems, to

develop better law libraries, and to supply basic commodities for courtrooms; and

- Assistance to develop programs suited to each country's judicial system and problems.

In addition, the United States has worked to improve the administration of justice through assistance to the Inter-American Bar Foundation which is strengthening links among bar associations in Central America. Also, the Department of Justice has developed a program to enhance the skills of investigators who develop evidence for judges and prosecutors, as well as the knowledge of judges who supervise investigations.

The Center for Electoral Assistance and Promotion (CAPEL)—a private, nonpartisan institute promoting free and fair elections established by the Inter-American Institute for Human Rights with AID assistance—has sent observers to the national elections in the region and cosponsored a series of training courses on election laws and procedures.

The United States also has helped the legislatures of El Salvador, Guatemala, and Honduras to design and conduct training programs for their members and to begin developing permanent support systems that will strengthen their capacity to participate in democratic decisionmaking.

Finally, the Central American Peace Scholarship program has brought more than 3,400 Central Americans to the United States for professional and skills training and to observe the practice of democracy in the United States.

Diplomatic Efforts

The United States has consistently pursued the NBCCA's recommendations that U.S. policy test "Nicaragua's willingness to enter into a general agreement" and support a just and lasting solution to the Central American crisis.

The United States has supported the Latin American initiative for a negotiated solution to the crisis, known as the Contadora process, since its inception in 1983. U.S. objectives in Central America are consistent with the 21 points listed in the September 1983 Document of Objectives and which the Contadora countries (Colombia, Mexico, Panama, and Venezuela) and the five Central American states agreed were essential for a lasting peace. Common objectives include the ending of military hostilities, reductions in foreign military

advisers and equipment, the end of support for insurgencies, and dialogue between insurgents and the governments they oppose—leading to open, competitive, democratic processes in which all citizens may participate. So long as it is fully implemented by all parties, the United States will support and respect a comprehensive, verifiable, and simultaneous implementation of an agreement fully embodying the Document of Objectives.

To date, the Sandinistas' conviction that they are a revolutionary "vanguard" that must exercise national leadership has kept them from negotiating seriously to fulfill the Contadora goals. This claim to exclusive political power is fundamentally incompatible with the other Central American nations' pluralistic vision of democracy.

Through 1985 and 1986, the Sandinistas repeatedly hampered efforts to conclude an agreement. For example, in June 1985, Nicaragua's refusal to discuss an agreed-upon agenda torpedoed a Contadora meeting and temporarily interrupted Contadora negotiations. In November 1985, the Sandinistas went public with extensive, detailed objections to the September 1985 Contadora draft agreement that was similar to a September 1984 draft they had said that they would accept. In December 1985, they called for a 6-month suspension of the negotiations.

With the Contadora negotiations deadlocked in 1985 because of Sandinista intransigence, four South American countries (Argentina, Brazil, Peru, and Uruguay) formed the Support Group in an effort to revitalize the negotiating process. In January 1986, the Contadora and Support Groups issued a "Message of Caraballeda" urging resumption of Contadora talks and other steps to resolve the crisis. In June, the Contadora and Support Groups presented the Central Americans an amended draft agreement. The Central American democracies noted that this draft contained major deficiencies; it essentially left open key provisions and asked them to "sign now and negotiate later." They called for further negotiations to strengthen the draft. The Sandinistas stated that they would accept the new draft agreement on the condition that future arms talks be held on their terms. In July, they filed suit against Costa Rica and Honduras at the International Court of Justice, effectively blocking further negotiations on the agreement.

In September 1986, the Contadora countries met at the United Nations in New York to discuss ways of reviving

the negotiating process. After a spirited debate, the OAS General Assembly in Guatemala in November accepted by acclamation a resolution urging Contadora to persevere in its efforts to find a negotiated settlement. The UN General Assembly adopted a similar resolution the following week. On November 18, the UN and OAS Secretaries General presented a joint initiative listing services available from their organizations to assist Contadora.

Contadora and Support Group foreign ministers met in mid-December and announced their intentions to institutionalize the process by scheduling regular meetings and expanding its scope to include other regional political and economic issues. They also announced a January 1987 tour of Central America accompanied by the UN and OAS Secretaries General. The January 19–20 visit demonstrated their continuing interest in seeking an agreement, but no breakthroughs resulted.

Costa Rica invited the presidents of the four Central American democracies to meet on February 15, 1987, in San Jose. At that time Costa Rica presented a new peace proposal focusing on the key issue of national reconciliation and democratization in Nicaragua. The Sandinistas have criticized the summit and Costa Rica's peace plan. In a parallel effort, on February 6, seven parties of the Nicaraguan civic opposition presented a proposal to achieve national reconciliation.

The United States has sought to cooperate with the Contadora process. From June to December 1984, the United States participated in bilateral talks with the Sandinistas at the request of Contadora. In January 1985, after nine rounds of talks, the United States decided not to schedule further meetings due to concern that the Sandinistas were using the talks to avoid a comprehensive agreement within Contadora's multilateral framework.

On February 10, 1986, Secretary of State Shultz met in Washington with the foreign ministers of the Contadora and Support Groups. The Secretary reiterated that the United States was prepared to reopen bilateral discussions with Nicaragua if the Sandinistas talked to their democratic opposition, including the armed resistance.

In March 1986, Ambassador Philip C. Habib became the new Special Envoy for Central America. Ambassador Habib has made 10 trips to the region to meet with Central American and Contadora/Support Group leaders and reaffirm our support for the negotiating process.

TABLE I
Macroeconomic Indicators for
Central America, 1983 and 1986¹

Indicator	1983	1986 (est.)
GDP Growth Rate	-0.8%	+1.4%
Private Investment (% of GDP)	8.9%	11.4%
Private Capital Flows	-\$101 million	+\$215 million
Government Fiscal Deficits (% of GDP)	5.1%	2.8%
Total Nontraditional Exports	\$808 million	\$1,221 million
Nontraditional Exports to U.S.		
Fruits and Vegetables	\$33 million	\$66 million
Manufactures	\$290 million	\$440 million

¹Excludes Nicaragua.

(For further information on the political situation in Nicaragua and the other Central American countries, see Appendix C.)

ECONOMIC AND SOCIAL ISSUES

Economic Stabilization

Central America underwent a severe economic contraction during the early 1980s. Total production declined yearly between 1980 and 1983, causing per capita incomes to fall by 12% over the period. The decline in production was reflected in a sharp fall in private investment, massive capital flight, and a general deterioration of the economic climate.

Sharply increased economic assistance resulting from implementation of the NBCCA's recommendations facilitated a turnaround in the region's economic situation. Table I summarizes the main macroeconomic conditions in 1983 and 1986 and presents several key indicators of progress to date in stabilizing the region's economies. The reversal of the downward spiral in overall production is the broadest indicator of this turnaround. After declines of -2.6% in 1982 and -0.8% in 1983, regional gross domestic product rose in 1984 by 1.7%, in 1985 by 0.9%, and in 1986 by an estimated 1.4%.

Overall economic conditions have substantially improved. Nevertheless, the recovery is still precarious. The economic growth rate of 1.4% in 1986 falls short of the 2.5%-3.0% hoped for 2 years ago. The two most significant shortfalls have been in Guatemala, where major U.S. funding did not begin until an economic stabilization program was implemented in 1986 after the transition to an elected government, and in El Salvador, where continued guerrilla attacks and destruction make economic stabilization and recovery more difficult. In addition, El Salvador suffered a major earthquake in October 1986, causing a conservatively estimated \$822 million in damage to infrastructure alone.

The slowness of the recovery appears to be the result of both internal and external factors. The major factors are as follows.

An adverse political/military climate still exists. The NBCCA projected that the major problems—insurgency in El Salvador and Nicaragua and the destabilizing political conflict between Nicaragua and its neighbors—would largely be resolved within 18 months of the report's issuance (i.e., by sometime in 1985). This has not proven to be the case.

External economic trends have been worse than anticipated. Sluggish world economic growth and unfavorable commodity prices have limited Central American growth. The NBCCA had anticipated that prices of the major export commodities of Central America—coffee, sugar, bananas, beef, and cotton—would slowly recover from the very low levels existing during the 1981-83 period. However, prices of sugar, cotton, and beef remain significantly below their 1980 levels. After rising in 1985-86, coffee prices have fallen below the depressed levels of 1982-84.

Anticipated capital inflows have not materialized. The NBCCA report projected total inflows of capital during the 1984-90 period of \$21 billion (excluding Nicaragua), including \$10-\$12 billion to be provided by the U.S. Government. Actual U.S. assistance flows have been behind schedule; even if a \$300 million FY 1987 supplemental is approved, the cumulative shortfall through the current fiscal year will be \$760 million. An anticipated repatriation of capital sent abroad earlier and sharp upsurges in private domestic and foreign investment and in World Bank lending have not occurred.

Governments have been slow to make economic policy changes. To varying degrees, governments have been reluctant to take some of the steps necessary to resolve their economic problems.

Progress in exchange rate realignment has been substantial but remains incomplete. This is not an issue in Belize, Costa Rica, or Panama. Guatemala adjusted its exchange rate for most transactions to a realistic level in early 1986 and has pledged to complete the process. El Salvador also undertook a major adjustment in 1986 but has not made needed followup adjustments. In Honduras, the exchange rate remains a policy concern.

Economic policy coherence has not been fully achieved. In addition to difficulties in maintaining an appropriate exchange rate system, El Salvador, despite the substantial gains of 1984 and 1985, continues to suffer from a lack of public and private consensus on economic policy. Costa Rica's overall economic policy under the current administration has been the subject of protracted negotiations, while its relationship with its commercial creditors deteriorates.

Government deficits are still too large. Fiscal deficits have been cut sharply, but further reductions are needed in some countries. A relaxation of fiscal discipline in Costa Rica is threatening to undo some of its progress, while the Salvadoran Government's inability to control fiscal deficits threatens inflationary pressures.

Implementing such structural economic reforms presents a dilemma for fragile democratic governments. In the short run, such actions impose economic hardship on some groups upon which the governments depend for support. Over the long term, failing to correct underlying structural problems will only lead to worsening economic conditions for the entire country. U.S. economic assistance, therefore, must be conditioned upon implementation of needed reforms, or ever-higher assistance levels will be required just to prevent further economic decline.

Structural Transformation

The CAI proposed a strategy for generating economic growth by the end of the decade, based on increased private investment, reduced government inter-

vention, and accelerated growth of non-traditional exports. Gross domestic product (GDP) growth in the region was targeted to reach 6% per year by 1990, fueled by new investment, particularly in nontraditional export products. Non-traditional exports were projected to rise from \$400 million in 1983 to \$1 billion by 1990. The following reviews progress to date.

Investment. Domestic private investment in the region declined sharply during 1980-83. For the region as a whole, the ratio of private investment to GDP fell from 16% in 1980 to a low of 9% in 1983. Since then, the ratio steadily rose to more than 11% in 1986, with all of the countries (except Belize) realizing some recovery by 1985.

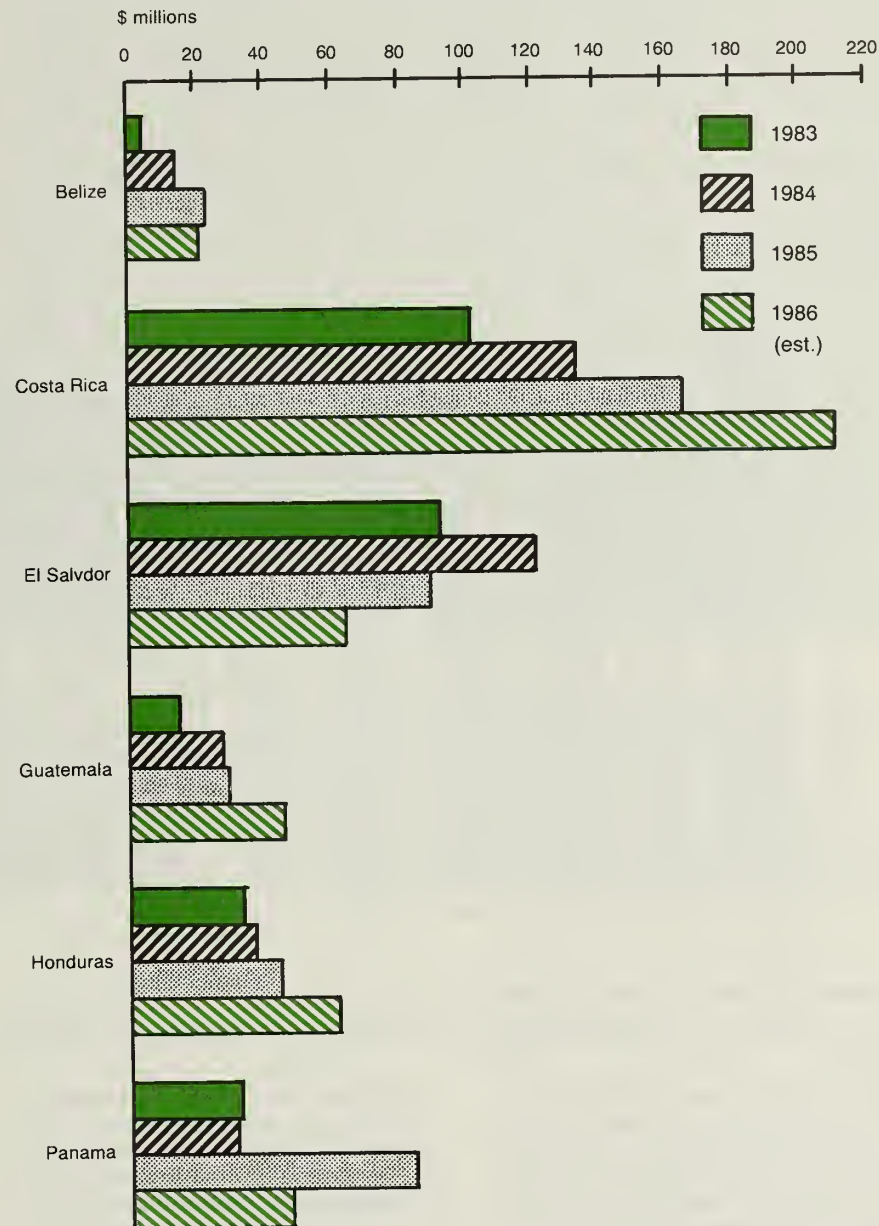
The most promising trend has been in Costa Rica, where the private investment/GDP ratio fell from 17% in 1980 to 11% in 1982 but then regained its 1980 level by 1985. This turnaround can be attributed primarily to the significant economic policy reforms undertaken by the Costa Rican Government during that period. Sharp declines in private investment occurred in Belize, Guatemala, and Honduras. In El Salvador, the ratio remained in the 6%-7% range during 1980-83, then rose to 8.4% in 1985 and 9.2% in 1986. This level, however, is still far below those of the 1970s.

While improvement in overall economic conditions is likely to stimulate investment from larger firms, the United States is actively engaged in more direct efforts to promote small business. A series of specific projects is underway, including technical assistance to small business, training of managers, and increased credit.

Another important aspect of improving the investment climate has been the reduction in the role of government enterprises. The United States supports efforts to sell or liquidate such enterprises in several countries, notably Costa Rica and Honduras, eliminating a serious drain on government finances, and improving efficiency of operation. A number of firms already have been sold or liquidated. In Costa Rica, the drain on government resources from the state holding company has been reduced from \$65 million in 1983 to only \$5 million in 1986; the figure is expected to drop to zero in 1987.

Nontraditional Exports. Although central to long-run prospects for sustained growth, nontraditional agricultural and industrial export products cannot play a significant economic role in

CHART I
Central America: Manufactured Exports to the U.S., 1984-86



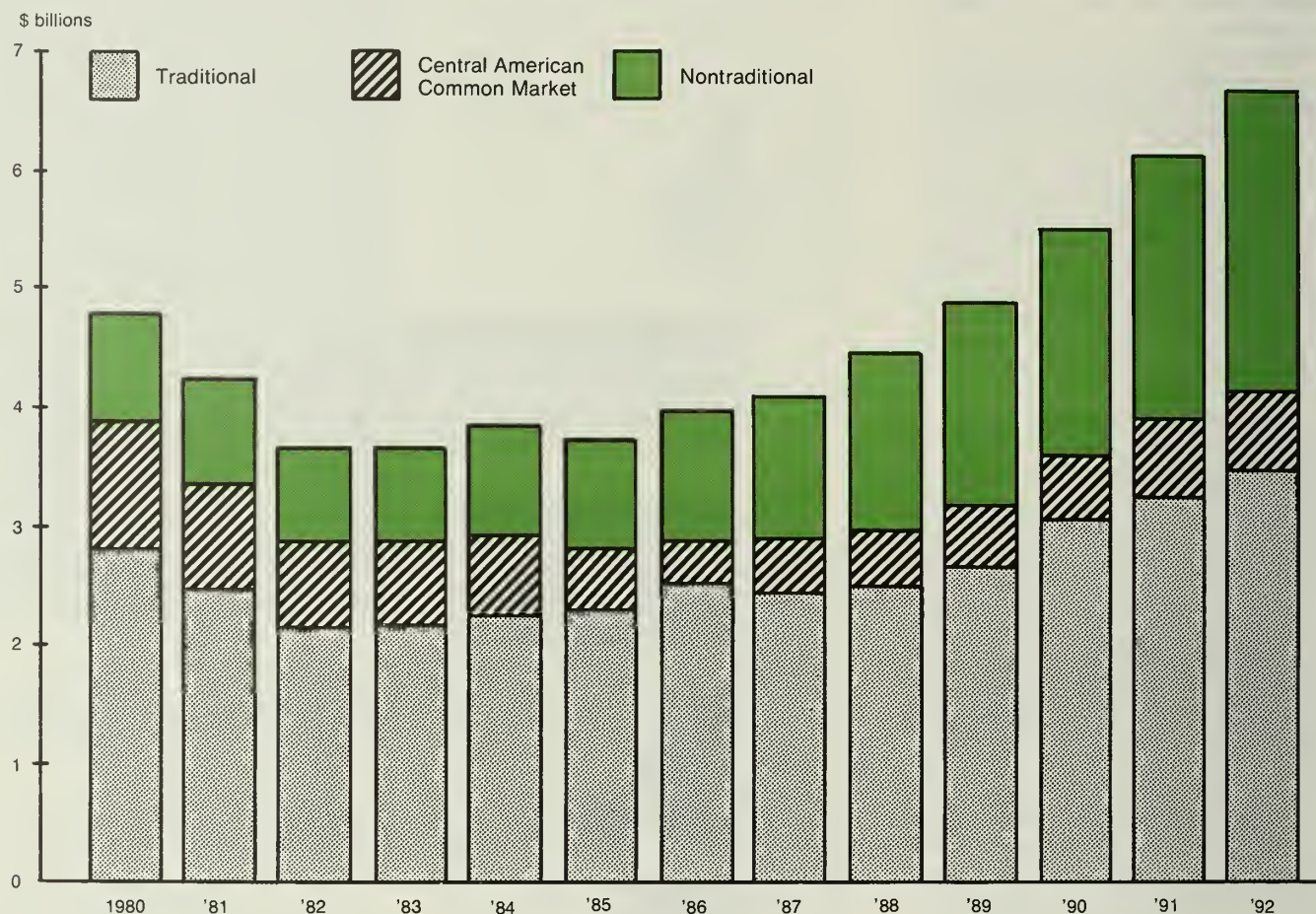
the near term. For Costa Rica, the largest exporter of manufactures, manufactured exports to the United States (the primary extraregional market) were valued at only \$100 million in 1983 or less than 10% of total exports. Even a doubling of this figure would have a smaller effect on export earnings than a significant rise in coffee prices.

A sustained effort over a decade or more will be needed if nontraditional

products are to play an important role in generating export earnings. An annual growth rate of 15%-20% per year in nontraditional exports would seem to be necessary both for arriving at substantial export levels in the medium term and for maintaining the attention of policymakers to the potential in this area for further rapid growth through appropriate policy changes.

The experience so far has been encouraging. Nontraditional exports

CHART II
Central America: Commodity Exports, 1980-92^a



^aData for 1980-86 are actual; those for 1987-92 are projected.

have been growing since 1983 at an annual rate of 15%. As a result, their share of total exports has risen from 21.6% in 1983 to 26.5% in 1986. We project (see Chart II) that they will rise to 40% by 1992, providing a basis for dynamic growth by then. Nevertheless, the speed with which countries have been able to move to an export-led growth rate has varied.

Costa Rica appears to be on a rapid growth path, with exports to the United States rising from \$72 million in 1982, when policy reform began, to an estimated \$211 million in 1986—an annual growth rate of about 30%. Panama, Guatemala, Honduras, and Belize also show favorable trends in non-traditional exports to the United States, although they began from much smaller

bases than in the case of Costa Rica. In El Salvador, a significant decline occurred in 1985 and 1986, suggesting that the policy framework and civil strife contributed to an inadequate environment for stimulation of new exports.

Spreading the Benefits of Economic Growth

Rapid economic growth is probably the most important vehicle for achieving adequate standards of living for the people of Central America. Economic opportunity for all groups in society is most likely to result from growth of employment opportunities and from replacement of government controls and non-price rationing by market forces. However, disparities in income and opportunity in some countries are so

wide that a direct attack on such problems is needed.

To promote progress in these social and economic opportunity areas, the Central America Initiative considered it crucial to assure that the benefits of the growth process are broadly distributed. Significant progress is being achieved. Table II summarizes our best estimates of social indicators for 1983 and 1986. Specific activities in these areas are described below.

Education. Under the CAI, the United States and other donors have undertaken a series of projects aimed at increasing access to education, including the following.

Access to primary education has significantly increased over the past

several years in the countries with the most serious problems—Guatemala, El Salvador, and Honduras. In Guatemala, the gross enrollment ratio increased from 71% to 76% between 1980 and 1986, and in Honduras by 9%. For El Salvador, current data are not available because of the October 1986 earthquake. These increases reflect AID inputs, internal efforts, and large amounts of assistance from the World Bank and the Inter-American Development Bank.

Efficiency of education also is improving. In Guatemala, the average number of student-years of schooling needed to produce a sixth-grade graduate has dropped by 1 year since 1980, and in Honduras it has dropped by 1.6 years. In Belize, Panama, and Costa Rica, where access to primary education is already close to complete, improvements in efficiency also are taking place.

Between 1984 and 1986, more than 4.5 million textbooks were produced and distributed in the region through AID and World Bank projects. Another 9 million textbooks are planned for production and distribution between 1987 and 1990.

The United States has supported training of 16,000 teachers in Guatemala and Honduras during the past 4 years, and plans are underway for training another 50,000 during the 1987–90 period.

Current U.S.-financed projects have supported construction or renovation of 3,000 classrooms in Honduras and El Salvador, with smaller efforts in Guatemala and Costa Rica. Plans for another 4,000 during 1987–90 are being implemented.

AID has important vocational, technical, and management training activities underway or in development in each country. In Honduras and Costa Rica, 6,000 managers were trained between 1984 and 1986, and 20,000 persons are expected to benefit from vocational, technical, and/or management training between 1987 and 1990.

Health and Nutrition. Available data indicate that infant mortality is declining in the region. The goal of reducing infant mortality by 10% can be expected to be attained by 1989. AID's health projects focus on developing a sustained capacity to provide oral rehydration therapy (ORT), immunizations, and other important child-survival interventions and to reduce the incidence of malaria.

Oral rehydration therapy reduces infant mortality by treating the dehydration resulting from diarrhea by the

TABLE II
Trends in Social Indicators, 1983 and 1986

Social Indicator	1983 (est.)	1986
Health		
Infant Mortality Rate (per 1,000 births)	61.1	56.9 (1985)
Education		
Primary School Enrollments ¹	3,040,000	3,300,000
Percent of Population (Ages 7–12) ¹	90%	91%
Primary School Completion Rate ¹	72%	75%
Central American Peace Scholars	—	3,497
Family Planning		
Couples using Family Planning	1,150,000	1,400,000
Percent Coverage	37.5%	41.7%
El Salvador Land Reform		
Titles Issued to Phase I Cooperatives	41	196
Phase III Titles Issued	5,456	17,426

¹Education statistics exclude El Salvador, for which current data are not available.

ingestion of a simple solution of water, sugar, and salts. This technology already has prevented thousands of deaths each year in Central America. AID-supported programs include local production of ORT solutions in Guatemala and mass media campaigns promoting its use in El Salvador.

The rate of immunization coverage in Central America, except in Costa Rica and Panama, is low. AID helps to vaccinate children and to institutionalize vaccination programs. In Guatemala, a new AID-funded project assists the Ministry of Health to make immunizations routinely available in all health facilities. Each household in rural Guatemala is visited three times per year to identify children needing vaccinations and to have them vaccinated. Similar projects are underway in El Salvador and Honduras.

Nutrition-related activities focus on development of growth-monitoring programs that complement ORT and immunization activities. The PL 480 Title II program provides about \$10 million per year in food assistance for maternal and child health, food for work, school feeding, emergency feeding, and aid to displaced persons.

Population Growth. Access to family planning services is key to reducing the region's rapid population growth, which has exacerbated the drain on

available resources. The extremely high regional annual population growth of about 2.8% means that annual production increases of that magnitude are needed just to prevent current living standards from declining. Although the rate has been brought down from more than 3% a decade ago, the present rate of 2.8% is so high that its impact will be felt for decades in terms of huge numbers of new entrants to the labor force, a continuing negative factor in per capita income growth, and large numbers of people for whom education and many other social services will have to be provided. In some areas of Central America, the huge investments being undertaken in such projects as the development of urban infrastructure will cover only the projected growth in population and will not reduce the high percentage of the urban population that does not have adequate access to water and sanitation.

The Central American governments have recognized that population and development policies are mutually reinforcing, and steps have been taken to address this serious problem. AID's main role has been technology transfer, with 80% of AID assistance going to nongovernmental organizations in support of Central American efforts to implement their own plans. Major support is being provided for contraceptive

commercial sales programs and for improving information available to the population. We expect a 50% increase in the use of family planning services by 1990.

Housing, Water, Sewerage, and Other Infrastructure. At present, AID is financing more than 50 separate activities related to housing; water and sewerage systems; and other infrastructure, such as roads, bridges, irrigation projects, and energy. Other donors, including the Inter-American Development Bank and the World Bank, also have been active.

Because of depressed economic conditions and tight government budgets, expansion of housing and infrastructure construction has been slow. Available data indicate that access to water and sewerage is expanding faster than overall population growth but only modestly so. As economic conditions improve, resources available for these activities will expand.

Security Developments

The NBCCA concluded that indigenous Central American problems "have been exploited by hostile outside forces. . . ." The Commission recommended more security assistance for El Salvador, contingent on sufficient progress in human rights, free elections, and political reforms. It also urged greater predictability of U.S. support through multiyear funding of military aid to the Central American region. U.S. policy is to signal solid U.S. commitment to the Central American democracies—through security assistance, training, and exercises—while promoting the professionalization of each country's armed forces. Soviet, Cuban, and other Soviet-bloc assistance to the Sandinistas continues unabated. In the face of externally supported insurgent movements and the increasing Nicaraguan military threat, the United States assists the Central American democracies to provide the protective security shield which makes development possible.

Progress to Date. Remarkable progress has been made toward the basic objective of improving the regional security environment through U.S. assistance in strengthening the defense capabilities of the region's democracies. This effort has promoted the professionalization and effectiveness of each country's armed forces to enable them to better combat security threats, e.g.,

insurgency and the Nicaraguan military challenge. Central American militaries have used U.S. assistance to improve organization, training, and equipment. Increased battlefield success and reduced guerrilla strength, particularly in El Salvador, have marked these efforts. They have been accompanied by improved human rights performance (see Appendix E.)

At the same time, however, the Nicaraguan military threat has increased due to an upgraded military hardware capability and the growing size of their armed forces, which reached 75,000 active duty personnel in 1986. Soviet, Cuban, and other Soviet-bloc military assistance to the Sandinistas continues unabated, reaching a peak level of 23,000 metric tons of equipment in 1986.

Although the U.S.-supported Nicaraguan democratic resistance has increasingly forced the Sandinistas to pay more attention to internal conditions, the Sandinistas continue to support subversion in the region and to offer training, logistical, and command and control facilities to the Marxist guerrillas in neighboring countries.

In the last 2 years, U.S. security assistance has been constrained by budgetary restrictions and the Administration's aid request levels to Congress have not been fully funded.

Prospects for Meeting Objectives Through 1989. The crisis in the region is a long-term problem—in the absence of a comprehensive, simultaneous, and verifiable implementation of the 21 objectives of the Contadora Document of Objectives of September 1983—will require a coordinated long-term response and commitment of resources. Soviet-bloc military assistance to Nicaragua alone exceeds U.S. military assistance to all the Central American democracies. Consolidation of the Sandinista regime and Nicaragua's ability to destabilize the region continue to frustrate peaceful negotiations. That country's military capability is improving. Soviet, Cuban, and other Soviet-bloc military assistance to the Sandinistas and various insurgent groups in Central America is likely to increase.

Meeting the security objectives will require that the United States simultaneously continue to:

- Strengthen the security shield of each of the Central American democracies to ensure continued progress in democratic development, economic growth, and national reconciliation; and

- Support efforts to achieve a democratic outcome of the conflict in Nicaragua and a comprehensive, verifiable implementation of the 21-point Contadora Document of Objectives.

Although substantial progress has been made toward the realization of the security objectives in the region, there is a grave risk of compromising the success of the effort if there is a reduction in funding for the security shield to the region's democracies or for the democratic resistance.

III. The Need for Full Funding of NBCCA Recommendations

SUMMARY OF ACCOMPLISHMENTS

The CAI was based on certain economic and social recommendations contained in the NBCCA report. Much has been accomplished in the past 3 years.

- Democratically elected governments, dedicated to human rights improvements, are found in Belize, Costa Rica, El Salvador, Guatemala, and Honduras; Marxist-Leninist Nicaragua stands in stark contrast in this trend.

- Politically motivated violence in El Salvador and Guatemala has been reduced significantly.

- A fundamental change has occurred in the attitudes of the military toward human rights in El Salvador and Guatemala.

- The severe economic slide so evident in 1980–81 has been arrested and recovery is underway in every country of the region.

- Capital flight from the region has been reduced, and private investment and private capital have begun to return.

- Nontraditional exports (believed to be the economic key to Central America's long-term future) are expanding in every country and dramatically in Costa Rica.

- Infant mortality rates are dropping more rapidly than targeted.

- Primary school enrollments are increasing.

- Programs for improvements in the administration of justice are underway throughout the region.

- 3,497 "peace scholars" already have come to the United States under the Central American Peace Scholarship program.

- Central Americans have begun to establish the proposed Central American Development Organization.

In its report, the NBCCA indicated that the United States should furnish \$10-\$12 billion in resources and guarantees to Central America from 1984 to 1990. The CAI proposed a more modest beginning—a 5-year effort totaling some \$8.4 billion, of which \$2 billion was to be in guarantees and the balance in appropriated funds from Economic Support Funds (ESF), development assistance, PL 480, Peace Corps, USIA, and the refugee program.³ Excluding the FY 1984 supplemental request of \$400 million, this averages out to an annual requirement of \$1.2 billion in appropriated funds and \$400 million in guarantees for the 5-year period.

Actual funding against these targets as of the end of FY 1986 totaled \$2.155 billion in appropriated funds and \$377 million in guarantees (see Table III, p. 72).

Economic assistance levels for Central America have been substantial over the past 3 years, but they have been diminishing and falling short of the levels recommended by the NBCCA and in the CAI, particularly with respect to appropriated funds. In terms of the original assistance targets, the shortfall in appropriated funds will be approximately \$760 million by the end of FY 1987, assuming passage of the full FY 1987 supplemental.⁴ Any reduction in the FY 1987 supplemental level will, of course, further increase the shortfall.

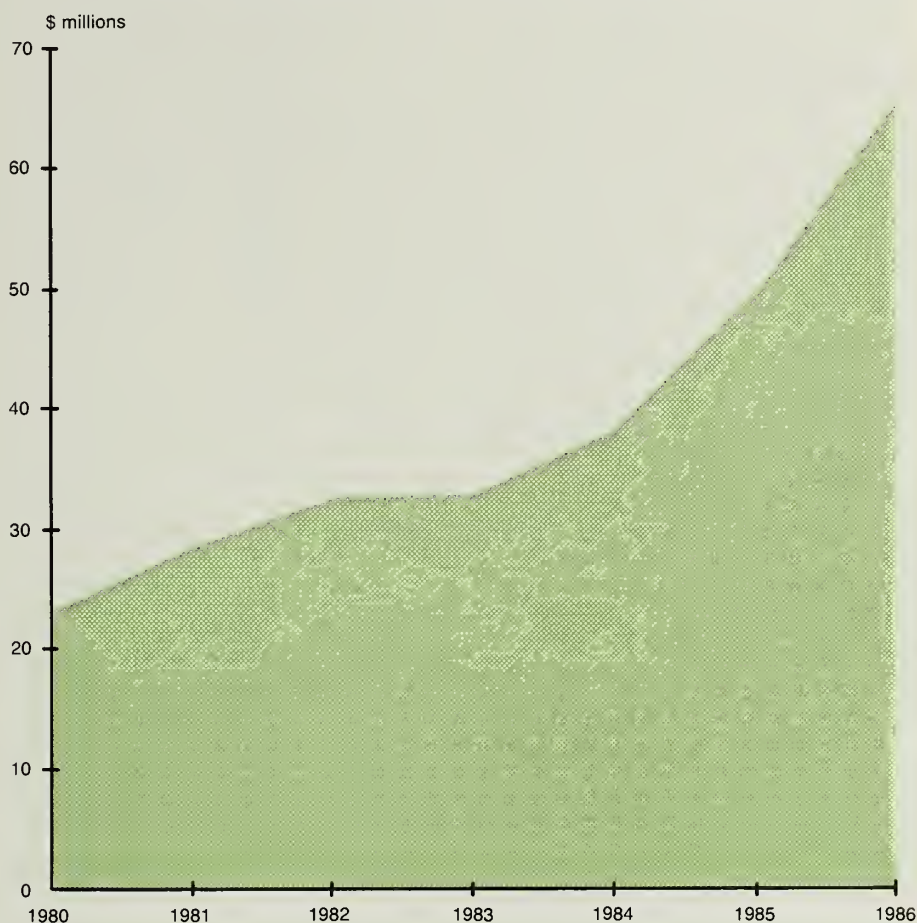
The NBCCA made no specific dollar-level recommendation for military assistance. In general, it did recommend more aid at a level that would adequately promote the strengthening and professionalization of each democracy's armed forces. An effective security shield against violence and intimidation had to be built for Central American democracies in order to create an environment in which political, economic, and social progress could succeed. The need for sustained, sufficient military aid for regional armed forces and the Nicaraguan democratic resistance remains.

Do the Goals Need Modification?

Most of the recommendations contained in the NBCCA report remain sound. It is increasingly evident, however, that not all of the objectives originally set forth in the NBCCA's report can be fully achieved within the 5-year timeframe of the CAI.

CHART III

U.S. Fruit and Vegetable Imports from Central America, 1980-86^a



^aExcludes bananas.

We believe the basic goals of the CAI—strengthening democratic institutions, economic stabilization, economic transformation, and spreading the benefits of growth more broadly—are consistent with the NBCCA recommendations and remain a sound and appropriate focus for U.S. assistance to Central America.

It is clear that several of the major targets under these goals will require additional time and all of the resources recommended by the NBCCA.

Targets under **strengthening democratic institutions** were never quantified, and efforts in this area will need to continue well into the 1990s. Specifically, over the next several years, we would hope to greatly expand activities in such areas as the administration

of justice, leadership training, improvement of electoral processes and supporting systems, improvement of local governments, legislative processes, trade union development, and creating a role for women in development.

While **economic stabilization has been achieved** in varying degrees throughout the region, it is quite fragile and could be easily reversed by any significant economic, political, or military setback. Another 3-5 years will be needed to solidify the economic stabilization process and to ensure that the Central American economies are securely on the road to recovery.

The prolonged economic stabilization process, among other factors, has affected the speed at which the all-important **economic transformation** has

TABLE III
Funding of the Central American Initiative, FY 1984/85-1987
 (\$ thousands)

	1984/85	1986	TOTAL	1987 Supplemental	1987	TOTAL
Appropriated Funds						
ESF	826,993	457,812	1,284,805	415,000	200,000	1,899,805
Development Assistance	299,933	254,952	554,885	231,062	100,000 ^a	885,947
PL 480						
Title I	130,100	89,500	219,600	89,000	0	308,600
Title II ^b	11,591	19,671	31,262	18,181	0	49,443
Subtotal	1,268,617^c	821,935	2,090,552	753,243	300,000	3,143,795
Peace Corps	18,200	10,600	28,800	10,500	0	39,300
USIA	7,800	19,500	27,300	15,900	0	43,200
Narcotics ^d	548	326	874	1,255	0	2,129
OPIC	4,544	3,330	7,874	3,300	0	11,174
Subtotal^e	31,092	33,756	64,848	30,955	0	95,803
Total appropriated	1,299,709	855,691	2,155,400	784,198	300,000	3,239,598
Guarantees						
Trade Credit Insurance Program	0	176,600	176,600	200,000	0	376,600
Housing	5,000	40,469	45,469	2,600	0	48,069
Commodity Credit Corporation	59,700	34,000	93,700	48,000 ^f	0	141,700
OPIC	10,103	33,050	43,153	33,000 ^f	0	76,153
Eximbank	9,943	7,957	17,900	8,500 ^f	0	26,400
Subtotal	84,746	292,076	376,822	292,100	0	668,922
TOTAL	1,384,455	1,147,767	2,532,222	1,076,298	300,000	3,908,520

^a FY 1987 supplemental includes \$100 million for El Salvador earthquake reconstruction.

^b Includes Section 416 commodities \$5 million in FY 1986 and \$7.7 million in FY 1987.

^c For FY 1984, includes supplemental plus \$25 million of PL 480 reallocations only.

^d For further information on narcotics program see Appendix G.

^e Excludes non-CAI related program costs.

^f Projected based on FY 1986 allocations.

been simultaneously taking place. Stabilization concerns have directed attention and resources away from the structural reforms and programs needed if Central America is to attain the type of self-sustaining economic growth essential to equity and the preservation of democracy and human dignity. It now is obvious that transformation of these economies—changing the base from traditional exports of bananas, coffee, sugar, cotton, and meat, to non-traditional agricultural products and manufactures—will require significantly more time than envisioned by the NBCCA. Under optimistic projections, it will be 1992 before Central America again achieves a 5% growth rate—one percentage point less than originally contemplated in the NBCCA report and

only slightly more than two percentage points above the annual increase in population.

In terms of **spreading the benefits** of growth more broadly, several specific targets may be largely met by 1989 or 1990, e.g., reduction in infant mortality, increased use of family planning services, improved access to potable water, and meeting the objectives under the Central American scholarship program; others will not. For example, the creation of 250,000 jobs per year must await a fairly high and sustainable economic growth rate. Other social benefit targets—for example, primary school enrollment growth and reduction in primary school repeaters—were probably overly optimistic within either the CAI's

5-year or the NBCCA's 7-year time-frame. Accordingly, we have established more realistic targets in education for the region (including El Salvador) for 1990: 90% gross enrollment ratios; 70% completion rates; and 9 years to produce a sixth-grade graduate. Finally, it will be a long and difficult effort to incorporate equitably the less advantaged into the new productive base which we are helping the Central Americans to build.

Fully Funding the Objectives

We intend to fund the CAI fully by extending the period of execution of the program by 3 years to 1992. The target growth rate is being revised to slightly more than 5%. The extension will increase the original budget by approximately \$500 million to a total of \$6.9 billion in appropriated funds while retaining the original \$2 billion in guarantees. This extension is responsive to funding limitations under the budget deficit reduction act and reflects the difficulties inherent in the implementation by sovereign governments of essential reforms. It is attuned to the political and security realities of the region and the external conditions of world markets and investment attitudes. We consider this extension of the CAI a practical response to a changed situation.

A 3-year extension of the original 5-year timeframe will help to ensure that:

- There is a solid trend in all countries toward increased democratization and participation of the populace in the electoral and governing processes;
- The Central American economies are stabilized and well on the road to recovery and are moving toward regaining or exceeding their precrisis rates of growth;
- Essential structural reforms are in place or sufficiently initiated to permit Central America to achieve and sustain positive per capita economic performance based on export-led growth; and
- Policies and other programs are in place to ensure broader participation in the benefits of these higher growth rates.

Projected assistance levels also reflect a shift in emphasis, beginning in FY 1989, away from stabilization and toward structural transformation and equity concerns. Economic Support Funds will continue to play a major role in this transition by helping to fund some of the larger projects that are aimed at increasing and diversifying both production and exports through improved infrastructure, technology, and/or equipment.

ESF-generated local currencies will be paired with U.S. and other donor assistance to support programs designed to broaden access to basic social services and promote equity. U.S. aid will be tied to sector-wide reforms designed to put policy, institutional, and financial frameworks in place, to ensure that growth is both quantitatively and qualitatively appropriate and sustainable.

We hope that the year 1992 represents a reasonable date by which the CAI's major economic objective—recovery—will be achieved and the need for economic supporting assistance will be significantly less. Central America's development is a long-term proposition, however, and we intend to develop a follow-on program for the years beyond 1992. This will be needed especially for some of the newer initiatives under democratization, structural reform, and programs to ensure broader participation and human resource development.

Table IV (p. 74) summarizes by major goal area and major funding source: the levels of financial assistance under the CAI already committed or programmed through FY 1987; the planned FY 1988 request; and estimated funding requirements beyond FY 1988 and through FY 1992 to fund fully and complete as many of the NBCCA recommendations as possible. The actual outlays in each country may be less than authorized if a country fails to implement significant economic reforms.

Program Summary

The program we envision under the extended timeframe will not vary significantly from that currently underway. The pace of accomplishment over the next 5 years, however, will vary. The following provides a general description of program content and focus.

Democratization. The continuation and strengthening of democratically elected governments, democratic processes, and civilian institutions in the region are critical to overall success in achieving the recommendations of the NBCCA report and the goals of the CAI. The elected civilian governments of the region must be able to govern effectively and honestly, to protect and extend the human and legal rights of their citizens, and to organize alternative programs and choose among them peacefully.

U.S. aid to democratization must grow in size and sophistication as we and the Central Americans confront the fact

that democracy is an evolutionary process involving a range of civic institutions, cultural attitudes, and socio-political resources. AID programs will continue to focus on facilitating the election process itself, expanding citizen participation and leadership training, strengthening the professional capabilities of legislatures, and promoting the freedom and competency of the press. AID also is working to upgrade the competency and independence of the judiciary and the investigative organs of government so that they may more effectively serve the populace and protect human rights.

The Central American Peace Scholarship program, aimed at providing 10,000 or more scholarships, will be continued. This highly successful effort aims to not only acquaint trainees with the values and institutions of democracy, but—because it is targeted at the less advantaged—to increase their ability to compete in the employment marketplace. We see the program as an invaluable tool to facilitate our efforts to redirect Central American agricultural and manufacturing production toward the highly competitive world market. A highly trained workforce is essential if Central America is to succeed in such a competitive environment.

In addition, AID and USIA should develop programs to improve the professional capabilities of Central American civilian officials, for example, through courses that complement existing U.S. Government training programs by helping Central American civilian officials relate U.S.-oriented course matter to Central American requirements.

Stabilization. We envision that balance-of-payments assistance to El Salvador and Honduras through ESF cash transfers will be required throughout the period at gradually declining levels. ESF funding for Panama and Belize should not be required after 1989 or for Costa Rica and Guatemala after 1991. This assumes that we will be successful in convincing the nations of the region that our commitment to economic and social reform equals that of our concern for democratization and our opposition to the spread of Marxism. Otherwise, there will be a danger of creating economic dependency by continuing high ESF levels without appropriate structural adjustment.

Economic Transformation. As the requirement of ESF for balance-of-payments financing declines, we intend

to shift the focus of ESF funding and its associated policy dialogue to the macroeconomic and sectoral policy and institutional impediments to rapid and sustained growth. A combination of ESF, development assistance, and Food for Peace resources will be used to build on programs currently underway to strengthen and stimulate the private sector as the primary force behind economic recovery, employment, and wider participation in growth and development.

Particular attention will be given to the question of economic equity, not through government largesse but through programs that permit the less advantaged to play a larger role in production and in the marketplace. We will continue to examine ways in which small farmers can be integrated into the effort to produce nontraditional agricultural exports as independent producers and small- and medium-sized industries can expand their sales beyond narrow domestic markets.

The NBCCA report suggested that infrastructure needed for renewed growth would require external financing. We had hoped that the multilateral development banks and other donors would play the major role in meeting this need. Their response has been less than projected. We will reexamine the infrastructure needs of the region, particularly in Belize and in the highlands of Guatemala and Honduras, to identify where farm-to-market roads, rural electrification, and other relatively small-scale activities could play a decisive role in bringing small farmers into a diversifying economy. We will also look at the irrigation requirements of nontraditional crops, regional processing and shipping facilities, and industrial parks. Efforts will have to be made to restore the essential economic infrastructure in El Salvador damaged by insurgents and by a major earthquake.

Spreading the Benefits of Economic Growth. The NBCCA recognized that economic growth alone does not ensure greater equity for low-income groups. Disparities in income and economic opportunity—particularly in Guatemala, El Salvador, and Honduras—are wide and in some cases growing. They must be reduced if economic and political gains are to be preserved. A shift to higher value, nontraditional agricultural crops and increased industrial exports will mean little if workers lack basic education and if skills training is not available.

Availability of agricultural credit has little impact on small farmers who do

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TABLE IV
Central American Initiative Financial Plan, FY 1984/85-1992
(\$ millions)

	1984/85 ^a	1986 ^b	1987	1984/87 Subtotal	1988	1989	1990	1991	1992	1988/92 Subtotal	TOTAL
Economic Stabilization											
ESF	707	417	538	1,662	415	286	230	130	70	1,131	2,793
Development Assistance	21	8	8	37	0					0	37
PL 480 ^c	130	95	97	321	80	50	45	30	25	230	551
Trade Credit Insurance Program	(0)	(177)	(200)	(377)							
Commodity Credit Corporation	(60)	(34)	(48)	(142)							
SUBTOTAL	858	520	643	2,020	495	336	275	160	95	1,361	3,381
Structural Change											
ESF	71	9	14	94	47	150	160	100	80	537	631
DA	116	113	91	320	93	94	84	65	50	386	706
PL 480	0	0	0	0	0	31	35	40	45	151	151
OPIC Financing	5	3	3	11	3	3	3	3	3	15	26
OPIC Guarantees	(10)	(33)	(33)	(76)							
Eximbank Guarantees	(10)	(8)	(9)	(27)							
SUBTOTAL	192	125	108	425	143	278	282	208	178	1,089	1,514
Spreading Benefits											
ESF	25	27	51	103	25	40	40	40	40	185	288
DA	160	128	219	507	120	120	140	140	120	640	1,147
PL 480	12	15	10	37	14	9	9	5	5	42	79
Narcotics	1	0	1	2	1	1	2	2	2	8	10
Peace Corps	18	11	11	39	10	10	10	10	10	50	89
Housing Guarantee	(5)	(40)	(3)	(48)							
SUBTOTAL	215	181	292	688	170	180	201	197	177	925	1,613
Democracy											
ESF	24	5	12	41	15	20	20	20	15	90	131
DA	3	6	13	22	17	18	23	28	29	115	137
USIA	8	20	16	43	16	16	16	16	16	80	123
SUBTOTAL	35	31	41	106	48	54	59	64	60	285	391
TOTAL											
Appropriated	1,300	856	1,084	3,240	856	848	817	629	510	3,660	6,900
Guarantees ^d	85	292	292	669	301	300	280	225	225	1,331	2,000
Grand Total	1,385	1,148	1,376	3,909	1,157	1,148	1,097	854	735	4,991	8,900

^a Includes FY 1984 supplemental of \$370 million plus \$25 million of FY 1984 PL 480 reallocations.

^b Total includes \$300 million requested in FY 1987 supplemental, \$100 million of which is destined for El Salvador earthquake recovery.

^c Includes Section 416 commodities for FY 1986 and FY 1987. Outyear levels for Section 416 are dependent on regional allocations and future legislative actions.

^d Out-year total estimates for guarantees are projected, based on experience to date.

not qualify for it because they do not own their farms or have secure and equitable tenure arrangements. Even in areas where the economic and social effects are less direct and longer term—such as child survival, nutrition, family planning, and better housing—early progress is essential if the United States and the elected governments of the region are to demonstrate convincingly that democracy is preferable to totalitarian and Marxist regimes.

As economic stabilization is achieved, we will expand our programs in the equity area through a mixture of development assistance, ESF, Food for Peace, local currency generations, and housing guarantees. These programs will be concentrated in Guatemala, El Salvador, and Honduras and will require gradually diminishing U.S. support.

Funding Alternatives

This section describes the broad macroeconomic implications of three funding alternatives that were considered.

Option 1: Funding Stretched Out to FY 1992. (This is the chosen option.) We project that stretching out the program through FY 1992—with total appropriated funding of \$6.9 billion—would fulfill its main economic, social, and political objectives. Economic growth in 1992, at 5.2%, would be lower than the original target but would be sustainable at that level in subsequent years with lower levels of assistance. Equally important, the social and democratization goals of the program would be more securely in place.

Achievement of these results assumes continued economic policy reform by Central American governments. Without such action, we would project a 1992 growth rate of only 3.2% even with full funding. However, we would continue to condition our aid to such reforms, so actual funding levels would be adjusted downward if reforms were not forthcoming.

Option 2: Full Funding by 1990. Were full funding of the CAI to occur by 1990, we project, under favorable assumptions, that growth by 1990 would nearly reach the original growth target (5.8% v. the targeted 6%). This would require about \$1 billion more in appropriations during FY 1988–90 than the funding profile of Option 1. It was rejected for two reasons.

- While achieving the growth target for that year, the growth would be artificially induced and would not be self-sustaining, so growth rates after 1990 would fall sharply, causing backsliding on the progress made through 1990; and

- It would increase the risk that Central American governments would fail to undertake assumed policy actions, thereby reducing the effectiveness of the assistance and the prospects for sustained growth.

Without the policy actions, we project a 1990 growth rate of 3.1%—only slightly higher than population growth.

Option 3: Achieving 6% Growth by 1990. Under the most favorable assumptions, slightly more than \$7.2 billion would be required to achieve 6% growth by 1990. We rejected this option because, as indicated in the discussion of Option 2, this growth would not be self-sustaining after the end of large-scale aid.

As in the previous scenarios, achievement of the goal would require continued policy action by Central American governments. If such policy actions were not forthcoming, the additional cost of achieving the 6% growth by 1990 would rise dramatically to \$11.2 billion.

Status of Other NBCCA Recommendations

The CAI, as proposed and carried out thus far, embraces most, but not all, of the NBCCA recommendations. As we have gained experience with implementing the program, it has become clear that some of the specific NBCCA recommendations are no longer appropriate. Examples are noted below.

Organize a Meeting of Central American and U.S. Leaders. The United States did not initiate such a meeting for a variety of reasons. An annual private sector-sponsored conference in Miami, however, brings together the political and economic leaders of Central America, the Caribbean, and the United States. In 1986, President Cerezo of Guatemala called a meeting of all Central American leaders in Esquipulas, Guatemala, at which regional political and economic issues were discussed. Former President Monge of Costa Rica began discussions on trade imbalances and ways to reinvigorate the Central American Common Market. Similar meetings are likely to take place over the next few years,

especially if a Central American Development Organization becomes a reality (for details on CADO, see Appendix F).

Revitalization of the Central American Common Market (CACM). Subsequent to the NBCCA report, an AID-financed study of the CACM recommended against trying to revitalize the CACM through emergency financial credits, as suggested in the NBCCA report. Emergency credits would not have stimulated trade on a sustained basis in light of the disequilibrium of exchange rates in the region. We are focusing on the exchange rate problem through our bilateral policy dialogues. Because future economic growth in the region will come predominantly from exports to extraregional markets, our primary concern is to ensure that the region's currencies are in tune with the world currency regime. Although the U.S. Government has deferred taking action, there have been some potentially hopeful signs of interest by the Central Americans in reviving the CACM. The most noteworthy is agreement by the region's economic ministers to introduce a new instrument for the CACM that may help increase intraregional trade without requiring the use of hard currencies.

Establish a Venture Capital Corporation. This recommendation is still being studied. In the meantime, at least three countries in the region are in various stages of establishing private investment corporations. One is already operating in Costa Rica, and similar institutions are under consideration in Honduras and El Salvador. A study of the feasibility of establishing a regional venture capital corporation has been initiated, along with a broader assessment of medium- and long-term credit, financial instruments, and policies needed to attract foreign investment. If the study results of the regional venture capital corporation study are favorable, the earliest date at which AID could initiate a project of this kind is FY 1988.

The U.S. Government Should Join the Central American Bank for Economic Integration (CABEI). The United States has a longstanding policy of not joining or taking equity positions in subregional banks. While the United States did not join CABEI, we are assisting it through a \$50-million grant/loan and related technical assistance project. In the 18 months that this project has been in operation, the

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U.S. contribution has helped bring about the payment of \$38 million in arrearages and \$40 million in new capital from CABEL member countries. CABEL also has secured commercial refinancing in the amount of \$170 million. The project also calls upon CABEL to raise an additional \$50 million in capital from extra-regional sources by August 31, 1987. CABEL's efforts toward meeting this condition are proceeding well, and as much as \$100 million might be raised in paid-in capital and/or concessionary loans. AID expects to sign an agreement this fiscal year for \$15 million in housing guarantees and \$4 million in grant assistance to support a Housing and Urban Development program for the region.

Appropriate Funds for Central America on a Multiyear Basis.

Although this was initially judged to be politically infeasible, it remains most desirable. Congress has authorized appropriations for nonmilitary assistance to Central America through FY 1989 (Section 416 of the Foreign Assistance Act) and has made funds appropriated in the FY 1987 Foreign Assistance Appropriation Act available for obligation over a 2-year period. These measures demonstrate a willingness by Congress to address the issues considered by the NBCCA in the longer term.

IV. Agricultural Commodity Assistance and Programs

The Congress, in Section 205(2) of the Foreign Assistance Act, stated that:

... the report requested by paragraph (1) shall include an analysis and recommendations, prepared in consultation with the Secretary of Agriculture, on how more effective use can be made of agricultural commodities from the United States in alleviating hunger in Central America and contributing to the economic development of the Central American democracies.

Over the past 3 years, the United States has provided increasing amounts of food commodities to Central America under various sections of PL 480 as well as under the authority of Section 416 of the 1949 Agriculture Act. The major commodities that we provide to Central America are wheat, corn, rice, vegetable oil, dairy products, tallow, and breeding livestock. Actual tonnages provided have increased, but because of declining world prices for many of these commodities,

the total dollar equivalents may not show increases (see Table V).

While the global funding levels for the PL 480 program were cut in FY 1986 and FY 1987 due to budgetary constraints, these reductions have not been as severe as in the case of ESF and development assistance. Therefore, food aid is assuming a relatively larger role in our total resource flows.

The U.S. Government will continue to use its food aid authorities to support the CAI. Food aid provided under the concessional loan authority of Title I of the Agricultural Trade Development and Assistance Act of 1954 (PL 480) will continue to be the primary means of assistance in this area. In addition to the ongoing use of this authority to help meet the agricultural commodity import needs of these countries with minimal foreign exchange use, recent actions by Congress offer a newer benefit of this program.

A new Section 108 in Title I authorizes a program that will promote the local private sector as the means to economic growth. This new section allows the United States to sell agricultural commodities, up to the authorized levels, for local currencies. These U.S.-owned currencies are lent to financial intermediaries, which then make loans to the indigenous private sector based on commercial practices. This new effort will allow more effective use of U.S. agricultural commodities to promote private sector economic growth in the region.

A second new program, Food for Progress, also may be effective in the region. This program, which is authorized by Congress through either PL 480 or a newer food aid authority (the Section 416 Overseas Donations Program), provides for multiyear donations of U.S. agricultural commodities to support countries "that have made commitments to introduce or expand free enterprise elements in their agricultural economies..." The multiyear nature of this program will enhance its effectiveness.

Section 416, which makes use of agricultural commodities owned by the Department of Agriculture's (USDA) Commodity Credit Corporation, also has recently helped countries in the region affected by the required changes in U.S. sugar quota arrangements. These programs have allowed the recipient governments to sell the U.S. commodities locally, thereby creating funds to support development activities.

USDA's Office of International Cooperation and Development (OICD), in cooperation with AID, has successfully

TABLE V

PL 480 and Section 416 Assistance for Central America, FY 1984-87^a

	1984 (supple- mental)	1985 (actual)	1986 (actual)	1987 (est.)	1984-87 (est.)
Title I/III	25.0	105.1	89.5	89.0	308.6
Title II	—	11.6	14.6	10.5	36.7
Section 416	—	0.0	5.0	7.7	12.7
TOTAL	25.0	116.7	109.1	107.2	358.0

^a Excludes World Food Program assistance.

completed many programs to alleviate hunger and help Central Americans achieve economic development through scientific and technical exchanges, technical assistance, training activities, and agribusiness promotion to facilitate trade, investment, and employment generation.

USDA's Animal and Plant Health Inspection Service currently administers several important long-term programs with Costa Rica and other Central American countries to suppress the Mediterranean fruit fly, to eradicate cattle screwworm, and to conduct phytosanitary preclearance programs for fresh fruits and vegetables.

OICD's Private Sector Relations Division has successfully channeled development efforts through agricultural marketing workshops for the region, providing a forum not only for practical marketing information dissemination but also for establishing and strengthening business contacts and trade with the U.S. private sector.

OICD's Scientific and Technical Cooperation Division and International Research Division are involved in programs that were designed for mutual benefit to the agricultural sectors of both the United States and the cooperating country. Collaborative research efforts are underway with Costa Rica to identify and evaluate fruit flies, study the prevalence of blue tongue virus in livestock, and determine the effectiveness of pheromone bait hives in attracting and capturing Africanized bees.

These activities are providing better and more efficient use of agricultural assistance to support the CAI.

In addition, under PL 480 Title I agreements, several Central American democracies are undertaking self-help activities designed to contribute to economic development. Costa Rica is pursuing measures intended to stabilize

its economy and reduce government budget deficits, including more rational agricultural pricing policies; expansion of grain storage, handling, and marketing systems; reduction of postharvest losses; and improvements in administrative and operational efficiency in supporting government agencies.

The Government of El Salvador is continuing efforts to improve production incentives offered to small farmers and provide financial support for maintenance of agricultural storage facilities and other rural support activities, such as basic community services, rural employment generation, rural potable water facilities, and supplementary feeding programs. In Guatemala, efforts emphasize increased use of the private sector in distribution of Title I commodities and support of agricultural sector developments. In Honduras, the PL 480 Title I agreements support activities in animal and plant health, and in agricultural education. All the countries in the region are either currently implementing or are in the process of concluding agreements under the Section 416 programs, several of which are designed to compensate for the reduction in the sugar quota to the region.

In El Salvador, Guatemala, and Honduras, PL 480 Title II commodities support maternal and child health, school feeding, and food-for-work programs that enhance nutritional levels among pregnant and lactating women and their young children. Based on a decade of evaluating findings concerning the design and implementation of Title II programs, AID has developed and sent to private and voluntary organizations and to AID missions revised guidance and technical review procedures for PL 480 Title II Operational Program Plans. These new procedures require the following: precise statements of program objectives, detailed identification of target populations, detailed descriptions of problems to be addressed, and identification of complementary inputs (besides food) necessary for achieving project objectives. The Institute of Nutrition for Central America and Panama will be providing technical assistance to governments and private and voluntary agencies to strengthen their capacity to design, monitor, and evaluate Title II programs.

The Administration is making major efforts to use these programs more effectively to alleviate hunger in Central America and contribute to economic development. It is important to note several constraints to the overall amount

of commodity assistance that can be provided to these countries. One is the limit of their absorptive capacities; there is only so much that the countries can store, distribute, and use. Second, we have to be careful that our assistance does not result in disincentives for local farmers whose livelihoods depend on producing many of these items. Given these considerations, however, we believe that we are using commodity assistance creatively and effectively in Central America.

¹Section 205(c) of the act appropriating funds for military construction for the Department of Defense for the fiscal year (FY) ending September 30, 1987, and for other purposes (as contained in section 101(k)

of the joint resolution on continuing appropriations for the FY 1987, and for other purposes (House Joint Resolution 738; PL 99-500 as supplemented by PL 99-591)).

²Reports were made to the President by the Secretary of State in 1985 and 1986 on the status of implementing NBCCA recommendations. These reports were transmitted to the Congress (see "Sustaining a Consistent Policy in Central America: One Year After the National Bipartisan Commission Report," Special Report No. 124, April 1985, and "The U.S. and Central America: Implementing the National Bipartisan Commission Report," Special Report No. 148, August 1986).

³For further information on Peace Corps and refugee programs, see Appendix G.

⁴The FY 1987 supplemental requests \$300 million in economic assistance for the four Central American democracies, \$100 million of which is for earthquake recovery in El Salvador.

APPENDIX A

NBCCA Recommendations

No.	Recommendation	No.	Recommendation
1	Organize summit of U.S. and Central American leaders.	15.2	Expand USIA's binational centers; and,
2	Increase private sector involvement.	15.3	Increase USIA's exchange programs.
3	Establish U.S. Government role in renegotiation of official debt.	16	Help Central Americans to receive duty-free trade with other countries.
4	Encourage renegotiation of private debt.	17	Review U.S. nontariff barriers.
5	Increase economic aid in FY 1984.	18	Promote exports from Central America and development of energy sources.
6	More emphasis on housing and infrastructure.	19	Establish a venture capital corporation.
7	Provide trade credit guarantees.	20	Expand Overseas Private Investment Corporation insurance coverage.
8	Revitalize the Central American Common Market.	21	Promote small businesses.
9	The United States should join the Central American Bank for Economic Integration.	22	Accelerate agricultural development;
10	Should be a major increase in other donor assistance to Central America.	22.1	Provide long-term credit for land purchases by small farmers;
11	Authorize \$8 billion in U.S. assistance funds and guarantees for 5 years, FY 1985-FY 1989.	22.2	Study the holding of idle, potentially productive land;
12	Appropriate funds on a multi-year basis.	22.3	Improve title registration and the defense of property rights of farmers;
13	Require host government economic policy reforms.	22.4	Provide short- and medium-term credit for working capital improvements and equipment;
14	Help create a Central American Development Organization.	22.5	Encourage pricing policies which protect the interests of both producers and consumers;
15	Use economic aid to promote democracy;	22.6	Encourage an equitable distribution of agricultural wealth, including agrarian reform and land-to-the-landless type of program;
15.1	Promote community organizations and democratic institutions;		

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- | No. | Recommendation |
|-------|---|
| 22.7 | Improve and expand rural infrastructure, e.g., roads, storage facilities, and rural electrification; |
| 22.8 | Increase rural research and extension programs; |
| 22.9 | Halt deforestation and environmental degradation; and |
| 22.10 | Increase support for cooperatives. |
| 23 | Increase emergency food aid. |
| 24 | Increase funding for training and education programs; |
| 24.1 | The Peace Corps should expand recruitment of teachers to serve in a new literacy corps; |
| 24.2 | The Peace Corps should expand recruitment of primary, secondary, and vocational teachers to serve in a new Central American teachers corps; |
| 24.3 | Expand secondary-level technical and vocational education and apprenticeship programs; |
| 24.4 | Increase support for education programs in business and public administration; |
| 24.5 | Expand the International Executive Service Corps; |
| 24.6 | Develop a program for 10,000 government-sponsored scholarships; |
| 24.7 | Prepare and implement a plan to strengthen universities; and |
| 24.8 | Subsidize translation, publication, and distribution of books and educational material. |
| 25 | Expand health and nutrition programs; |
| 25.1 | Increase technical assistance for health programs; |
| 25.2 | Eradicate vector-borne diseases, e.g., malaria and dengue fever; |
| 25.3 | Expand oral rehydration and immunization programs; |
| 25.4 | Train primary health care workers; and |
| 25.5 | Encourage adequate public investment in primary health care and in preventive and environmental interventions. |
| 26 | Continue AID population and family planning programs. |
| 27 | Strengthen judicial systems; impose sanctions against death squad members. |
| 28 | Support refugee programs. |
| 29 | Give more military aid to El Salvador. |
| 30 | Authorize multiyear funding of military aid to ensure predictability. |

- | No. | Recommendation |
|-----|--|
| 31 | Military aid to El Salvador should be tied to periodic reports on human rights, progress toward free elections and elimination of death squad activities, and other political reforms. |

Summary of Commission Report¹

OUTLINE

The report, which was dedicated to Senator Henry Jackson and transmitted to the President on January 10, 1984, consisted of the following chapters:

1. Introduction and basic themes.
2. Placed crisis in larger hemispheric context.
3. Provided historical perspective.
4. Examined prospects for economic and political development; presented recommendations.
5. Discussed social issues—health and education particularly—and made recommendations.
6. Explored security issues and recommended U.S. action.
7. Looked at diplomatic aspects and offered recommendations on pursuing negotiated settlements.
8. Conclusion.

—On security and diplomatic issues, the report dealt with El Salvador, Honduras, Nicaragua, Guatemala, and Costa Rica. Panama and Belize were included for discussion of development programs.

MAJOR THEMES SET FORTH IN THE COMMISSION REPORT

—The crisis in Central America is acute. Its roots are indigenous—in poverty, injustice, and closed political systems. But world economic recession and Cuban-Soviet-Nicaraguan intervention brought it to a head.

—The crisis will not wait. It must be addressed at once and simultaneously in all its aspects. Ultimate resolutions depend on economic progress, social and political reform. But insurgencies must be checked if lasting progress is to be made on these fronts.

—Indigenous reform, even indigenous revolution, is no threat to the United States. But the intrusion of outside powers exploiting local grievances for political and strategic advantage is a

serious threat. Objective of U.S. policy should be to reduce Central American conflicts to Central American dimensions.

—United States has fundamental interests at stake: Soviet-Cuban success and resulting collapse of Central America would compel substantial increase in our security burden or redeployment of forces to detriment of vital interests elsewhere.

—As a nation we have deep and historic interest in the promotion and preservation of democracy. Report concludes that pluralistic societies are what Central Americans want and are essential to lasting solutions. In this case, our strategic interests and our ideals coincide.

—Central Americans desperately need our help, and we have a moral obligation to provide it. The United States and other nations can make a difference. But, in the end, solutions will depend on the efforts of Central Americans themselves.

—Although there is urgent need for action, no quick solutions can be expected. The United States must make a long-term commitment and stick to a coherent policy.

—That policy can and should be bipartisan. Commission found wide consensus on principles and objectives.

POLITICAL AND ECONOMIC DEVELOPMENT

—Central American economies grew substantially during the 1960s and early 1970s. But income distribution was highly inequitable, except in Costa Rica and Panama.

—Trend toward more pluralistic political systems in El Salvador, Guatemala, and Nicaragua reversed in early 1970s.

—World recession and rising political violence had catastrophic effect on region's economies in late 1970s, early 1980s. All have declined dramatically. El Salvador's gross domestic product is off 25% since 1978.

—Even with successful stabilization programs and restored political stability, per capita wealth in 1990 would only be three-quarters of what it was in 1980.

—There must be substantial increase in outside assistance.

—Commission believes economic development cannot be separated from political and social reform. Objective must be parallel development of

pluralistic societies and strong economies with far more equitable distribution of wealth.

—We propose a program of U.S. assistance designed to promote economic growth, democratization, and greater social equity.

—We encourage the greatest possible involvement of the U.S. private sector in the stabilization effort. Recommend the formation of an emergency action committee of private sector personalities to provide advice on new private-public initiatives to spur growth and employment.

Recommendations: An Emergency Stabilization Program

—Leaders of the United States and Central America should meet to initiate a comprehensive approach to economic development of the region and reinvigoration of the Central American Common Market.

—A \$400-million supplemental in FY 1984, over and above the \$477 million now in the budget for the seven countries. There is urgent need to stabilize economies now going downhill very fast.

—Focus this assistance on labor-intensive infrastructure projects and housing. Unemployment is a critical problem—politically and economically.

—Establish a program to provide U.S. Government guarantees for short-term trade credits. External credit has dried up. Without it economies cannot be reactivated.

—Provide an emergency loan to the Central American Common Market to permit the reactivation of this vital organization. Lack of resources in the market to settle trade accounts among the countries has stalled it.

—U.S. Government should take an active role in the efforts to resolve the external debt problems of Central America and should encourage the countries that have not done so to seek multilateral rescheduling.

—Also encourage commercial banks to renegotiate at the lowest possible interest rates.

Recommendations: Medium and Long Term

—Commission estimates \$24 billion in net external exchange inflows needed by 1990 to foster a growth rate of 3% per capita, returning these countries to prerecession levels of per capita wealth. About half—\$12 billion—is expected to come from international institutions,

other donor countries and loans, and investments from private sector sources.

—U.S. Government will have to provide as much as \$12 billion if these financing needs are to be met.

—We propose, in this context, a program of \$8 billion over next 5 fiscal years (FY 1985–89) in U.S. Government assistance. This would be divided very roughly into about \$6 billion in appropriated funds and about \$2 billion in contingent liabilities covering guarantees, insurance, and the like.

—Compared with current projections for FY 1985–89, these contributions would constitute an increase of about \$2.8 billion in appropriated funds and \$0.7 billion in contingent liabilities over the 5-year period.

—Urge that Congress authorize multiyear funding of this program. Commission believes firm, long-term commitment is essential.

—To give form and structure to the development effort, suggest establishment of the Central American Development Organization (CADO). Perhaps one-quarter of U.S. aid could be channeled through CADO.

—CADO would consist of the United States and those countries of the seven willing to commit themselves to internal democracy and reform. Continued membership would depend on demonstrated progress toward those goals. Adherence to regional security pact also required.

—Nicaragua could participate by meeting these conditions.

—CADO's principal body would be a Development Council with tripartite, ILO [International Labor Organization]-style representation. Would assess program and progress toward economic growth, democratization, reform, and preservation of human rights.

—Other democracies would be invited to join.

Additional Recommendations

—Expanded assistance from the U.S. Government for democratic institutions and leadership training-neighborhood groups, cooperatives, binational centers, and visitor programs for leaders of labor unions, local governments, and other organizations.

—Require a firm commitment by the Central Americans to economic policies, including reforms in tax systems, to encourage private enterprise and individual initiative, to create favorable investment climates, to curb corruption where it exists, and to spur balanced trade.

—Urge extension of duty-free trade to Central America by other major trading nations.

—Review nontariff barriers to imports from Central America with a view toward using whatever flexibility that exists within the framework of multilateral agreements to favor Central American products.

—Establishment of the Central American Development Corporation—a privately owned venture-capital company which could initially be financed by a loan from the U.S. Government.

—Recommend that the United States join the Central American Bank for Economic Integration.

—Technical and financial support for export promotion and a U.S. Government review of nontariff barriers to Central American imports.

—Expanded availability of insurance guarantees for new investments from the U.S. Government's Overseas Private Investment Corporation.

—Increased focus in assistance programs on small business and accelerated agricultural development—particularly in production of food for domestic consumption.

HEALTH AND EDUCATION

—Democracy and prosperity in the region require accelerated human development. Hunger, disease, and illiteracy sap a people's vitality and impede the growth of viable democratic institutions.

—Literacy rates are unacceptably low in several countries (e.g., Guatemala, 45%; El Salvador, 63%; Honduras, 60%), handicapping education efforts seriously.

—Widespread malnutrition also handicaps education by sending physically and mentally underdeveloped children to school.

—Goals should include a reduction of malnutrition, elimination of illiteracy, expanded education, health, and housing opportunities.

—Initial efforts must be to increase food assistance to Central America through the PL 480 programs.

—Commission calls for formation, under direction of the Peace Corps, of a Literacy Corps and a Central American Teachers Corps.

—To meet needs in higher education, U.S. Government scholarships should be raised to approximately 10,000 over 4–6 years, a level comparable to Cuban and Soviet Union efforts.

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—Educational reform can also be encouraged in the areas of technical and vocational education through the expansion of the International Executive Service Corps and through closer cooperation with Central American universities to improve the quality of education.

—Judicial systems in Central America can be strengthened by providing resources for training judges, judicial staff, and public prosecutors.

—Continuation and expansion of existing programs for disease control and eradication, as well as immunization and oral rehydration.

—Training of primary health workers, especially nurses, should be expanded and the means developed to integrate private and public financing of health services.

—Assistance programs should target the area's severe housing shortage.

—Training of public administrators required to improve public service.

—U.S. Government should provide more resources to meet critical problem of refugees and displaced persons—more than 1 million of them need help.

SECURITY ISSUES

—In El Salvador there are two separate conflicts: (1) between those seeking democratic reform and those seeking to retain their privileges; (2) between Marxist-Leninist guerrillas and those who oppose Marxism-Leninism.

—In discussing the latter we identify three general propositions about such guerrilla movements:

(1) They depend on external support. Without it they are unlikely to succeed.

(2) They develop their own momentum which reform alone cannot stop.

(3) Victorious, they create totalitarian regimes, even though they have enlisted support of democratic elements in order to project democratic, reformist image.

—External support comes from Soviet Union, Cuba, and now Nicaragua. Cuba has developed into a leading military power through Soviet assistance. Since Sandinista victory, Soviets have come around to support Cuban strategy of armed road to power in Central America.

—There are serious strategic implications for the United States in Soviet-Cuban support for armed insurgency in the region.

—Triumph of hostile forces there could require us to devote large resources to defend our southern approaches.

—This could mean either substantially increased defense burden for the United States or redeployment of forces to the detriment of our interests elsewhere.

—Threat to our shipping lanes in the Caribbean.

—Increased violence and dislocation in the area from which we could not isolate ourselves.

—Erosion of our power to influence events worldwide as we are perceived as unable to influence events close to home.

El Salvador

—The war is stalemated, a condition to the ultimate advantage of the guerrillas.

—U.S. military assistance is inadequate to permit modern, humane, and successful counterinsurgency.

—Commission recommends that the United States provide significantly increased levels of military assistance for greater mobility, more training, higher force levels, and more equipment.

—Assistance is to be conditioned through legislation on terminating death squads, progress toward democracy, and establishment of the rule of law.

—In Guatemala, such assistance should only be provided if the same terms are met.

—Increased military assistance also needed for Honduras to build a credible deterrent and to meet renewed efforts at insurgency.

—Commission concludes that U.S. security interests are importantly engaged in Central America. Larger program of military assistance needed, as well as expanded support for economic growth and social reform.

—Success will depend on an end to massive violations of human rights and the neutralization of external support for the insurgencies.

THE SEARCH FOR PEACE

—A successful U.S. political strategy in Central America requires resources to promote economic growth; vigorous efforts to advance democracy and reform; other inducements and penalties.

—General strategic objective of U.S. diplomacy in Central America should be to reduce the civil wars, national conflicts, and military preparations to Central American dimension.

—Specifically, we should seek to stop the war and killing in El Salvador. Create conditions under which Nicaragua becomes a peaceful and democratic member of the Central American community. And open the way for democratic development in all countries.

—Commission calls for negotiations in El Salvador between guerrillas and the government to be elected in March to establish conditions for later legislative and municipal elections in which all could participate: electoral commission with FMLN/FDR [Farabundo Marti National Liberation Front Revolutionary Democratic Front] representation, cease-fire, and end to all violence; international observation of elections.

—Adequate economic and military assistance from the United States can help to achieve such a settlement.

—Commission believes military stalemate works against rather than for a political settlement based on the popular will.

—In Nicaragua, consolidation of a Marxist-Leninist regime would create a permanent security threat. Nicaragua's mainland location makes it a crucial stepping-stone to promote armed insurgency in Central America. Cuban personnel (2,000 military advisers and 6,000 civilian officials); several hundred Soviet, East European, Libyan, and PLO [Palestine Liberation Organization] advisers; extensive arms deliveries (13,000 tons in 1983) add an external dimension to the threat posed by Nicaragua to its neighbors.

—What gives the current situation its special urgency is the external threat posed by the Sandinista regime in Nicaragua; supported by Cuban military strength; backed by Soviet weapons, guidance, and diplomacy; and integrated into the Cuban network of intelligence and subversion.

—Central American leaders believe pluralistic political orders are essential to long-term security.

—An alternative would be an attempt at containment. But that would be threaten militarization of the isthmus—the creation of garrison states. Democracy would wither. And the United States could find itself as surrogate policeman.

—Commission proposes comprehensive regional settlement based on:

- (1) Respect for sovereignty and nonintervention.
- (2) Verifiable commitments to nonaggression and an end to all attempts at subversion—covert or overt.
- (3) Limitations on arms and sizes of armed forces. Prohibition of foreign forces, bases, and advisers.
- (4) No military forces, bases, or advisers of non-Central American countries would be permitted.
- (5) Commitment to internal pluralism and free elections in all countries.
- (6) Provision for verification of all agreements.
- (7) Establishment of an intergovernment council to meet regularly to review compliance.
- (8) Adherence to the overall agreement would be required for membership in the Central American Development Organization.

—The United States would support the agreement and provide assistance and would commit itself to respect results of elections within countries as long as principles of pluralism at home and restraint abroad are observed.

—Commission's proposal based on and amplifies 21 points of the Contadora Group.

—Commission fully endorses Contadora efforts.

—Finally, majority of Commission opposes dismantling existing incentives and pressures for the regime in Managua to negotiate seriously.

—As for Cuba, Commission sees little possibility of separating it from Soviet Union. But the United States should be prepared to negotiate seriously if Cuba were to show itself prepared for genuine coexistence, dropping support for insurgency in Central America and revolutionary violence elsewhere in the world.

—As for Soviet Union, establishment of Soviet military base in Nicaragua is not the major concern. Before that could have happened, the crisis would have reached proportions not containable in Central American dimensions.

—There is little promise in negotiating with the Soviet Union over Central America. Soviets would seek to cast such negotiations in terms of sphere of influence, an unacceptable concept for the United States.

¹From "The U.S. and Central America: Implementing the National Bipartisan Commission Report," Special Report No. 148, August 1986.

APPENDIX B

Economic Assistance to Central America, as Proposed in the CAI¹

(\$ millions)

Purpose	Supplemental FY 1984	FY 1985	FY 1986-89	TOTAL
Stabilization				
ESF	272	541	1,644	2,457
PL 480	25	103	—	128
Guarantees	—	470	—	470
Subtotal	297	1,114	1,644	3,055
Growth				
ESF	10	80	789	879
Development Assistance	8	87	327	422
PL 480	—	—	410	410
Guarantees	—	90	1,240	1,330
Counterpart ²	(100)	(220)	(520)	(840)
Subtotal	118	477	3,286	3,881
Equity				
Development Assistance	66	196	1,096	1,361
PL 480, II	—	17	70	87
Guarantees	—	40	160	200
Counterpart ²	(100)	(220)	(880)	(1,200)
Peace Corps	2	18	94	114
State, Refugees	—	15	78	93
Subtotal	168	506	2,381	3,055
Democracy				
ESF	8	20	85	113
USIA	7	36	179	222
CADO	—	1	4	5
Subtotal	15	57	268	340
Operating Expenses	2	6	26	34
TOTAL²	400	1,720	6,205	8,325

¹Figures do not include incidental activities or programs such as narcotics and OPIC insurance; the total used in the text of the paper is \$8.4 million.

²Counterpart figures are local currency generations from ESF or PL 480 balance-of-payments financing for AID-supported activities in the region. Since they are programmed for development purposes, they are included in sector subtotals but not in the overall total.

APPENDIX C

Political Situation and Developments in Individual Countries

Belize. Belize obtained its independence in 1981. In the first postindependence election in 1984 the opposition United Democratic Party, led by Manuel Esquivel, won control of the parliament. In a peaceful transition of power, Esquivel became prime minister.

Costa Rica. Costa Rica is recognized as Central America's longest existing democracy, dating back to the elections

of 1889 with only brief interruptions. The latest presidential elections were held in February 1986 and were honest and open. Oscar Arias, a social democrat, won the close election and was inaugurated on May 8, 1986. A new legislature also took office.

El Salvador. With U.S. support for democratic pluralism, and despite guerrilla opposition, El Salvador held free and open nationwide elections without effective disruption in 1982, 1984, and 1985. Democratic institutions and habits have gained steadily during these years,

as is evidenced by the growing participation by opposition parties in El Salvador's political life. Mid-level members of two of the leftist parties that backed the guerrillas in 1980, and whose cadres had been in self-imposed exile, have begun to return and have carried out political activities without incident.

Guatemala. Democracy began its return to Guatemala with the election of a Constituent Assembly in July 1984, following a generation of military rule and political violence. The country held open and highly competitive elections in November and December 1985, which international observers verified were honest and orderly. Vinicio Cerezo, a Christian Democrat, obtained a national mandate from two-thirds of the electorate in the presidential runoff election and took office in January 1986. Violence and poverty pose enormous challenges to the Cerezo government. In the spring of 1986, the new government enacted comprehensive economic reforms to stimulate the economy and provide new job opportunities for the country's 8 million people. Considerable external assistance will be needed to support the government's efforts to foster institutional development and economic growth at levels to sustain Guatemala's ongoing democratization.

Honduras. The democratic trend was strengthened in Honduras through presidential and legislative elections in 1981 and 1985. The national presidential, legislative, and municipal elections in November 1985 were orderly, open, and enthusiastically celebrated. President Jose Azcona's inauguration in January 1986 was the first transfer of power in Honduras from one elected civilian to another in 53 years. Due to the large number of candidates, the elections were based on a system in which the candidate with the largest number of votes in the party with the largest number of votes becomes president-elect. While orderly, this somewhat confusing system prompted the Honduran Congress to enact an electoral reform law in 1986, which seeks to regulate party primaries and internal elections and sets the stage for national elections in 1989.

Nicaragua. In the years since the NBCCA report, the Sandinista government has moved in an opposite direction from the Central American democracies—against the trend demonstrated by those countries and counter to the open, pluralist system that the Sandinistas

originally promised their people and the Organization of American States. In 1986, Nicaragua was less democratic, more heavily armed, and more dependent upon the Soviet bloc than ever before. The government has increased its repression of religious groups, the press, and opposition political parties. The Sandinista military threat and support for subversion, insurgency, and terrorism impede the progress of democracy in the rest of Central America. Moreover, just as the Somoza dictatorship ultimately sparked national rebellion, the Sandinistas' betrayal of the Nicaraguan people's desires is breeding internal resistance. The Sandinistas' oppression of the Nicaraguan people and their hostility to their

democratic neighbors remain Central America's most pressing security problem.

Panama. In September 1985, less than a year after his inauguration, President Nicolas Barletta resigned under pressure from the military, as well as from party and cabinet leaders. His constitutional successor was First Vice President Eric Arturo Delvalle. Panama remains basically an open society, but Barletta's resignation marked a setback to democratization. Although the presidential election of 1984 remains disputed, the legislative assembly elections, with a few notable exceptions, were regarded as legitimate and established a vociferous, if weak, legislative opposition.

APPENDIX D

United States Information Agency

In support of the NBCCA's objectives of strengthening democracy and improving the quality and availability of educational opportunities in Central America, USIA has undertaken the following activities.

Scholarships. Since 1984, USIA has greatly increased its academic exchanges program and established a pilot program for undergraduates known as the Central American Program for Undergraduate Scholarships (CAMPUS). In 1986, there were 580 academic exchanges, of which 154 were CAMPUS. USIA hopes to maintain this level of exchanges, given ongoing funding and authorization from Congress. A new, million-dollar university partnership program will begin in FY 1987. Another new exchange program, designed to put foreign professionals in contact with their American counterparts, will begin in 1987.

Central American Book Initiative. In mid-1985, USIA instituted this program to provide Spanish translations of U.S. books to university libraries and faculty, as well as to government leaders and institutions in Central America. More than 50,000 books have been presented. USIA plans to continue the program at reduced levels, devoting special attention to the donation of university texts in the humanities and social sciences.

Professional Leadership

Exchanges. USIA programmed 150 International Visitors and 80 Voluntary Visitors from Central America in FY 1986, a dramatic increase from FY 1984 levels and up somewhat from FY 1985. USIA hopes to maintain these programs at current levels, assuming no drastic cuts in overall program budget levels.

Teaching of English. USIA has established a regional English Teaching Office in Panama to develop and improve English-language competency throughout Central America. Additionally, USIA has organized training workshops for Central American librarians, teachers of English, and Binational Center administrators. Plans are to continue these efforts at somewhat reduced levels.

The educational infrastructure in Central America constrains the rate at which the region can absorb additional resources and programs. USIA staff and funding limitations also make further expansion difficult. The agency believes it is programming at the maximum level possible given these limitations and will continue to be flexible in the application of its resources to ensure the greatest possible impact.

Caribbean Basin Initiative

Background. President Reagan announced the Caribbean Basin Initiative at a meeting of the Organization of American States in February 1982. He

introduced important new elements in 1986.

Congress passed the Caribbean Basin Economic Recovery Act to enact the CBI on July 28, 1983. The law came into effect on January 1, 1984, with 20 countries and territories designated as beneficiaries—Antigua and Barbuda, Barbados, Belize, the British Virgin Islands, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Panama, St. Christopher and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. The Bahamas subsequently was designated on March 14, 1985, as was Aruba (formerly a part of the Netherlands Antilles) on April 11, 1986.

Other countries—Canada, Mexico, and Venezuela—are making their contribution to the effort to help the Caribbean Basin realize its economic potential. Mexico and Venezuela have assisted the Caribbean beneficiaries in saving energy costs. Canada is offering a free trade program to the Caribbean Commonwealth nations.

Duty-free Access. The CBI provides 12 years of duty-free access for most U.S. imports from designated beneficiaries. The exceptions include such items as textiles and apparel, petroleum, footwear, flat goods (e.g., gloves, luggage, belts, and wallets), and canned tuna. CBI ethanol also enters duty free, but only if it meets the rules of origin established in the 1986 tax law.

The CBI has been in effect for 3 years. It has been successful in encouraging the growth of nontraditional exports from the Caribbean Basin to the United States at a time when prices have fallen substantially and markets have contracted or shifted for traditional exports, such as petroleum and sugar. U.S. nonpetroleum imports from the region have been growing at an estimated average annual rate of 7.1% (1983–86). The CBI thus enables the United States to form a partnership with the Caribbean Basin beneficiaries in creating jobs and fostering economic growth through trade.

Textile Initiative. President Reagan reinforced the CBI in February 1986 by allowing special access to the U.S. market for apparel assembled in the Caribbean Basin region from cloth cut and formed in the United States. Jamaica, Haiti, Trinidad and Tobago, and the Dominican Republic have signed special access agreements for textiles.

Tax Benefits. The initial CBI legislation offered a convention tax benefit, under which the expenses of business meetings in the CBI countries can be deducted from U.S. taxable income. To be eligible for this provision, a country must sign a tax information exchange agreement with the United States.

Investment Incentive. CBI countries which have a tax information exchange agreement in force are eligible under our new tax law for investments with funds generated in Puerto Rico (through Sec. 936 of the IRS Code). Jamaica and Barbados have such agreements in effect; several other countries have concluded agreements which have not yet entered into force.

The CBI Represents an Opportunity. While the CBI may not have met the expectations of many, it is doing what it was intended to do—offering opportunities for export expansion and diversification. Many countries have taken the difficult steps to open up their economies to market forces so as to encourage savings, investment, and exports; they are taking risks to gain the greatest benefits from the CBI. However, further economic policy changes are needed to encourage private enterprise and attract foreign investment, if the CBI countries want to compete in today's markets.

Overseas Private Investment Corporation

During the past 3 years, the Overseas Private Investment Corporation has intensified its efforts to facilitate U.S. investment in Central America. During FY 1984–86, OPIC insured annually an average of 13 projects in the region. This is more than double the average during the previous 3-year period. To some degree, this has been due to active efforts to encourage host country governments to improve their project approval procedures. Also during the last 3 years, OPIC has provided more than \$43 million in financing for 20 projects in 5 countries. This number of projects reflects OPIC's extensive efforts to identify and package development-related investments in the region.

Other efforts to encourage investment in the region include investment missions to Costa Rica in FY 1984 and to Belize in FY 1986. OPIC's Opportunity Bank, a data base which serves to match investment opportunities with

U.S. investors and host country partners, now lists 145 project opportunities and 548 U.S. firms that have expressed interest in doing business in the region. In addition, OPIC has registrations for insurance for 112 projects in Central America, worth \$387 million in total investment. While only a minority of these registered projects will actually become operational, the number appears high enough to ensure that OPIC's past achievements in the region should be matched in the coming years.

Trade Credit Insurance Program of Eximbank

One NBCCA recommendation was that "new official trade credit guarantees be made available to Central America" to offset the decline in the availability of U.S. bank lines and supplier credits used to finance imports into the region. In October 1984, Congress included a provision in the Foreign Assistance and Related Agencies Appropriation Act, which established for FY 1985 a trade credit insurance program for Central America.

Under the program, AID was authorized to issue guarantees of up to \$300 million to Eximbank during FY 1985 for export credit insurance authorized by Eximbank to support U.S. exports to Central America's private sector. At AID's request, its Board of Directors authorized country limits for FY 1985 totaling \$255 million.

The Continuing Appropriations Act of 1986 authorized AID again to issue guarantees to Eximbank for export credit insurance to be authorized by Eximbank during FY 1986, but at a reduced level of \$250 million. At AID's request, the \$250 million was allocated as follows: Costa Rica, \$70 million; El Salvador, \$75 million; Guatemala, \$70 million; and Honduras, \$35 million. All country limits will expire on September 30, 1987, i.e., U.S. banks may confirm letters of credit under the program up to that date. It was renewed at a \$275 million level for FY 1987. Consequently, toward the end of this fiscal year, AID and Eximbank will consider renewal and possible changes in the various country limits.

The trade credit insurance program is a letter of credit facility. The central banks of the various countries act as either guarantor or borrower. U.S. banks, supported by Eximbank's insurance, confirm and refinance the letters of credit. The number of participating U.S. banks per country ranges from one

WESTERN HEMISPHERE

(for Costa Rica) to eight (for El Salvador). The number of local financial institutions that have opened letters of credit ranges from 7 to 12. As Eximbank insures 100% of principal and almost all interest (including interest up to the day a claim is paid to the U.S. banks), U.S. banks showed considerable interest in the program. Since there are many parties involved in the process, the time necessary for its implementation is considerable, and in two countries (Costa Rica and Guatemala), this facility is growing more slowly than anticipated.

The first letters of credit were opened in mid-1985. Through Decem-

ber 31, 1986, letters of credit confirmed by U.S. banks totaled \$195.8 million, broken down as follows: El Salvador, \$109.8 million; Costa Rica, \$44.6 million; Honduras, \$32.8 million; and Guatemala, \$8.6 million.

As participating U.S. banks establish new banking relationships in Central America (or reestablish old ones) and have favorable repayment experiences, there is the possibility that they may be willing, at a future date, to do business on an uninsured basis. The trade credit insurance program then would be phased out or reduced.

equipment provided in earlier years and cannot support a continued training program.

—U.S. security assistance has strengthened the will of Costa Rica to resist more confidently Nicaraguan threats and blandishments. However, reduced funding puts this at risk, raising questions by the Costa Ricans as to our willingness to live up to our treaty commitments, the cornerstone of Costa Rican willingness to stand up to the Sandinistas.

HONDURAS

Achievements:

—Armed forces were instrumental in guaranteeing the 1985 election, supporting the elected civilian leadership, and developing the democratic constitutional system.

—U.S. military assistance is helping to build a more effective deterrent to cross-border incursions by Nicaragua.

- The United States has provided emergency assistance in response to Sandinista incursions in 1986.

—Aging Super-Mystere fighters have been overhauled to extend their flight-life for the short term.

—Honduran armed forces have successfully detected and defeated terrorist and guerrilla elements that have sporadically surfaced since 1983.

—Numerous combined military exercises have been conducted in Honduras (e.g., Ahuas Tara, Kings Guard, Blazing Trails, Cabanas).

- The joint U.S.-Honduran training exercises have provided incidental benefits to Honduras, such as medical treatment, road building, and maintenance of airstrips.
- U.S. training programs and combined exercises have promoted increased Honduran armed forces professionalization.

NICARAGUA

—Support to the democratic resistance has impeded the total consolidation of the Sandinista Marxist-Leninist regime.

- Internal opposition has been given hope to continue struggle for democracy.
- The Sandinistas have been forced to divert resources that

APPENDIX E

Progress in Meeting Security Objectives

EL SALVADOR

Achievements:

—Civilian control of the armed forces is a fact.

—Public image of the military in El Salvador has changed from one of a defender of a nondemocratic *status quo* to protector of a democratic future.

—Armed forces are better organized, trained, and equipped.

- Mobility is better than in 1984.
- Battlefield performance has improved.
- Guerrillas now generally operate secretly in small units against economic targets versus previous strategy of direct conflict with the military.
- Frequency of direct confrontation has declined.
- Guerrilla strength believed to have fallen to about 6,000 from a high of 9,000–11,000.
- Military operations are now subject to rules of engagement; human rights violations have declined dramatically.
- Most officers associated with human rights abuses have been removed from command positions and units associated with violations have been disbanded.

—Armed forces are committed to an ambitious civic action program entitled "United to Reconstruct."

GUATEMALA

Achievements:

—Democratization and development strategy initiated by the government in 1982 and continued by the current elected civilian president has produced:

- A code of military conduct which has improved civil-military relations.
- A rural civilian population that now participates in defense of its villages.

—Military did not participate in or attempt to influence the 1985 Assembly and presidential elections.

—Military has achieved success on the battlefield:

- The guerrilla threat is now restricted to mountainous rural areas and small Mexican border areas.
- The size of guerrilla force is estimated to be 1,500–2,000 and has not grown.

—Improvement in human rights and political conditions has permitted the Administration to meet congressional certification requirements.

- Political violence has been sharply reduced.
- Nonlethal military U.S. aid has begun.

COSTA RICA

Achievements:

—Assistance is being used to train and equip a rapid-reaction civil guard force of less than 1,000 men and maintain a border guard force. However, current funding will not properly support

otherwise would be available to support insurgencies elsewhere.

—Simultaneous support of the Contadora process and regional negotiations by a U.S. Special Envoy have tested Nicaragua's willingness to resolve the Central American crisis.

- The Sandinistas are intransigent.

APPENDIX F

Central American Development Organization

In proposing the establishment of a CADO, the NBCCA had in mind a structure that would provide a continuous and coherent approach to the development of the region, a process of review of that development, and access to that process by those who have not before been an integral part of it. The NBCCA recommended that Central American participation in our assistance programs and in CADO should depend on acceptance of and continued progress toward such important elements of democracy as respect for human rights, protection of personal and economic liberties, political pluralism, free elections, mutual security, and a functioning legal system.

The Commission recommended certain principles to develop and institutionalize cooperation among the countries:

- That development of Central America be a cooperative program with policy issues addressed through a process of joint deliberation among the members of CADO;
- That the program should promote the development of Central America in all its dimensions—economic prosperity, social change, political modernization, and peace;
- That while a CADO should exercise some control over development assistance, the ultimate control of aid funds will always rest with the donors and that the governments, including that of the United States, would not be bound to accept the judgments of CADO;
- That the structure of a CADO must be established on a sufficiently permanent basis to demonstrate the long-term commitment of both the United States and the Central American countries to the coordination of economic development with social and political development; and,
- That a CADO must represent the initiative and enjoy the support of the

—Security assistance to neighbors has enabled these neighbors to more confidently resist Nicaraguan pressures for bilateral accommodations in lieu of regional negotiations and has strengthened their will and capability to confront blackmail and subversion from Nicaragua.

nations of the region or it cannot succeed.

Section 464 of the Foreign Assistance Act expressed the sense of Congress that the President should enter into negotiations with the countries of Central America to establish a CADO. Since passage of the legislation in 1985, preparatory work has been completed by a working group composed of the U.S. Government (i.e., the State Department and AID), the American Institute of Free Labor Development, the Council of the Americas, the Association of the American Chambers of Commerce in Latin America, and Caribbean and Central American Action. This work included several rounds of consultations with the government, labor, and business sectors of the Central American countries. This process culminated in a seminar attended by government, business, and labor representatives in San Jose in September 1986 at which the issues related to the establishment of an organization such as CADO were examined.

Soundings undertaken by U.S. Embassies/AID Missions subsequent to the seminar confirmed the generally positive interest by business and labor sectors and interest on the part of most governments.

In November, the Honduran tripartite organization invited one labor representative each from Panama, Guatemala, and Honduras (as an observer); business representatives from Honduras and El Salvador; and government representatives from the United States, Costa Rica, and Belize to form a working group to prepare draft statutes. (Costa Rica declined to attend.)

The working group met in Tegucigalpa on December 15–17, 1986. The members of the working group are now consulting on this draft with their governments and the other two sectors in their respective countries. Another meeting is anticipated in March 1987.

APPENDIX G

Peace Corps

In consonance with NBCCA recommendations, Peace Corps developed an Initiative for Central America (IFCA). IFCA addresses the need for teacher training, education, small business development, housing, and improved health in Belize, Guatemala, Honduras, and Costa Rica. Further, following the Caribbean Basin Economic Recovery Act of 1983, countries in that area began a major program to stimulate job-creating small enterprises. Volunteers teach basic skills for credit development and other business management skills.

To achieve our program goals, the Peace Corps has increased collaboration with other government agencies, international agencies, and private and voluntary organizations. These collaborations include projects with AID, the Inter-American Development Bank, the Inter-American Foundation, the Pan American Development Foundation, the Organization of American States, CARE, and CARITAS.

Small Enterprise Development. A major priority is the development of agricultural and other businesses to generate income, provide food, and create employment. In 1987, roughly one-half of the Volunteers will be involved directly or indirectly in the planning, startup, and management of small and medium-scale income-producing projects. The majority of these projects will be in the area of agribusiness and food production.

Health, Nutrition, and Sanitation. During the past two decades, host country governments have improved their health services with assistance from AID, the Inter-American Development Bank, the Pan American Health Organization, and other development assistance agencies. In 1987, Volunteers living mostly in rural communities will continue to conduct health, nutrition, and sanitation education courses for rural mothers and train counterparts to carry on this work. Volunteer nurses will provide basic health care and help staff rural health posts.

Environmental Education and Management. In 1987, Volunteers will continue to conduct educational courses for small-scale farmers and provide technical assistance in reforestation and the energy-efficient use of firewood. The

Peace Corps' work in environmental management is enhanced by collaborative support from AID.

Appropriate Technology. Most countries' dependence on expensive imported fuel makes the introduction of low-cost, simple, energy-efficient technology an increasingly important development priority. Programs introducing simple technologies that derive their energy from wind, water, or sunlight will be continued.

Refugees

People fleeing armed conflicts in Nicaragua, El Salvador, and Guatemala constitute the great majority of refugees in need of protection and assistance in Central America. The United States and other donor countries have been working together with various international organizations to ensure that refugees are protected and, where possible, are assisted to return to their homes. Countries in the region, particularly Honduras and Costa Rica, have been generous in providing asylum. Resettlement outside the region has been necessary in relatively few cases.

Of an estimated 300,000 refugees in Mexico and Central America, approximately 120,000 were receiving assistance from the UN High Commission for Refugees (UNHCR), as of mid-1986: Mexico, 40,000; Honduras, 44,000; Costa Rica, 30,000; Belize, 4,500; and Nicaragua, 2,300. Assistance for registered refugees in Central America is considered by experts to be generally good. Of greater concern is the large number of persons who have crossed national borders without registering themselves as refugees. They live without official refugee status and protection and, in many cases with limited access to food assistance, health care, and other services normally provided to refugees. The number of this group can only be estimated; most authorities, however, assume that it is several times larger than the number of registered refugees.

The United States is working to improve the situation of refugees in Central America.

First, the U.S. Government contributes a third of the UNHCR's \$40 million budget in Latin America. We also contribute to the Intergovernmental Committee on Migration programs for refugees in the region and fund a quarter of the International Red Cross' \$12-million budget for Latin America.

Second, we are working with countries of first asylum (i.e., the country to which the refugees first flee) to improve processing, assistance, and protection of refugees.

Third, we are working with the UNHCR and regional governments on durable solutions, including integration opportunities in countries of first asylum, voluntary repatriation, and, in those cases where it is considered appropriate, resettlement to a third country.

Fourth, we have expanded the Latin American refugee admissions program to enable qualified refugees to resettle in the United States.

The major factors affecting refugee flows in the region are the level of economic growth and political stability in the countries from which the refugees have fled and continue to flee. Those two factors are, of course, intertwined. Although the United States will continue its efforts (as outlined above), the ultimate solution to the region's refugee issue lies with progress toward political and economic stability.

International Narcotics Control

Central America is a significant transit region for narcotics entering the United States from South America. There also are areas where liberal bank and tax laws have created environments useful for narcotics-money laundering activities. Although some marijuana grown in Central America is apparently entering the U.S. market and some opium poppy is now grown in Guatemala, the countries of the region have not been major producers of narcotics.

Because U.S. narcotics control strategy focuses on the eradication of narcotic crops or interdiction at the source (i.e., the major producing countries), funding provided to the Central American countries has been limited. Over the past several years, Belize has received most of the funding provided to the area to support a substantial aerial herbicide eradication program.

Marijuana eradication has also been funded in Panama and negotiations are underway to fund an aerial herbicide spray effort against opium poppy and marijuana in Guatemala. Costa Rica and Honduras have received small amounts of support for equipment for interdiction operations. Expansion of narcotics control funding for Central America in the future will depend on the degree of production and trafficking in the area. ■

Current Actions

MULTILATERAL

Aviation

Convention on international civil aviation. Done at Chicago Dec. 7, 1944. Entered into force Apr. 4, 1947. TIAS 1591.

Protocol on the authentic trilingual text of the convention on international civil aviation (TIAS 1591), with annex. Done at Buenos Aires Sept. 24, 1968. Entered into force Oct. 24, 1968. TIAS 6605.

Adherence deposited: Cook Islands, Aug. 20, 1986.

Convention on offenses and certain other acts committed on board aircraft. Done at Tokyo Sept. 14, 1963. Entered into force Dec. 4, 1969. TIAS 6768.

Accession deposited: Yemen (Sanaa), Sept. 26, 1986.

Conservation

Convention on international trade in endangered species of wild fauna and flora, with appendices. Done at Washington Mar. 3, 1973. Entered into force July 1, 1975. TIAS 8249.

Accessions deposited: Dominican Republic, Dec. 17, 1986; Singapore, Nov. 30, 1986.

Notification of denunciation: United Arab Emirates, Jan. 27, 1987, effective Jan. 27, 1988.

Territorial application: Extended by Portugal to Macao effective Apr. 22, 1987.

Amendment to the convention of Mar. 3, 1973, on international trade in endangered species of wild fauna and flora (TIAS 8249). Done at Gaborone Apr. 30, 1983.¹

Acceptance deposited: France, Sept. 16, 1986.

Convention on the conservation of Antarctic marine living resources, with annex for an arbitral tribunal. Done at Canberra May 20, 1980. Entered into force Apr. 7, 1982. TIAS 10240.

Accession deposited: Greece, Feb. 12, 1987.

Convention on wetlands of international importance especially as waterfowl habitat. Done at Ramsar Feb. 2, 1971. Entered into force Dec. 21, 1975.

Enters into force for the U.S.: Apr. 18, 1987.

Finance

Convention on the settlement of investment disputes between states and nationals of other states. Done at Washington Mar. 18, 1965. Entered into force Oct. 14, 1966. TIAS 6090.

Signature: Belize, Dec. 19, 1986.

Fisheries

Protocol to amend the international convention of May 14, 1966, for the conservation of Atlantic tunas (TIAS 6767). Done at Paris July 10, 1984.¹

Acceptance deposited: U.S.S.R., June 9, 1986.

Gas Warfare

Protocol for the prohibition of the use in war of asphyxiating, poisonous, or other gases, and of bacteriological methods of warfare. Done at Geneva June 17, 1925. Entered into force Feb. 8, 1928; for the U.S. Apr. 10, 1975. TIAS 8061.

Accessions deposited: Afghanistan, Benin, Yemen (Aden), Dec. 9, 1986.

Judicial Procedure

Convention on the taking of evidence abroad in civil or commercial matters. Done at The Hague Mar. 18, 1970. Entered into force Oct. 7, 1972. TIAS 7444.

Territorial application: Extended by U.K. to Jersey Jan. 6, 1987.²

Marine Pollution

International convention on the establishment of an international fund for compensation for oil pollution damage. Done at Brussels Dec. 18, 1971. Entered into force Oct. 16, 1978.³

Accession deposited: Greece, Dec. 16, 1986.

Convention for the protection and development of the marine environment of the wider Caribbean region, with annex, with protocol concerning cooperation in combatting oil spills in the Caribbean region, with annex. Done at Cartagena Mar. 24, 1983.¹ Accession deposited: Antigua and Barbuda, Dec. 18, 1986. Ratification deposited: Venezuela, Nov. 11, 1986.

Regulations for the prevention of pollution by garbage from ships, Annex V to the international convention for the prevention of pollution from ships (MARPOL 73/78). Done at London Nov. 2, 1973.¹ [Senate] Treaty Doc. 100-3. Transmitted to Senate for advice and consent: Feb. 9, 1987.

Nuclear Material—Physical Protection

Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.

Entered into force: Feb. 8, 1987.

Ratifications deposited: Indonesia, Nov. 5, 1986; Switzerland, Jan. 9, 1987.

Pacific Settlement

Convention for the pacific settlement of international disputes. Signed at The Hague Oct. 18, 1907. Entered into force Jan. 26, 1910. 36 Stat. 2199. TS 536.

Accession deposited: Nigeria, Dec. 18, 1986.

Postal

Third additional protocol to the constitution of the Universal Postal Union of July 10, 1964, general regulations with annex, and the universal postal convention with final protocol and detailed regulations. Done at Hamburg July 27, 1984. Entered into force Jan. 1, 1986; for the U.S. June 6, 1986.

Accessions deposited: Philippines, Dec. 11, 1986; St. Lucia, Dec. 19, 1986. Ratifications deposited: Canada, Jan. 8, 1987; Guatemala, Nov. 17, 1986; Madagascar, Dec. 3, 1986; Netherlands, Jan. 8, 1987.⁴

Money orders and postal travelers' checks agreement, with detailed regulations with final protocol. Done at Hamburg July 27, 1984. Entered into force Jan. 1, 1986; for the U.S. June 6, 1986.

Approvals deposited: Madagascar, Dec. 3, 1986; Netherlands, Jan. 8, 1987.⁴

Postal parcels agreement with final protocol and detailed regulations. Done at Hamburg July 27, 1984. Entered into force Jan. 1, 1986; for the U.S. June 6, 1986.

Accessions deposited: Guatemala, Nov. 17, 1986; St. Lucia, Dec. 19, 1986.

Approvals deposited: Madagascar, Dec. 3, 1986; Netherlands, Jan. 8, 1987.⁴

Prisoner Transfer

Convention on the transfer of sentenced persons. Done at Strasbourg Mar. 21, 1983.

Entered into force July 1, 1985. TIAS 10824.

Acceptance deposited: Finland, Jan. 29, 1986.⁵

Ratification deposited: Denmark, Jan. 16, 1987.^{5,6}

Territorial application: Extended by the U.K. to Anguilla, British Indian Ocean Territory, Cayman Islands, Falkland Islands, Gibraltar, Montserrat, Pitcairn, Henderson, Ducie and Oeno Islands, St. Helena, St. Helena Dependencies, and Sovereign Base Areas of Akrotiri and Dhekelia in the Island of Cyprus, effective May 1, 1987.

Red Cross

Protocol additional to the Geneva conventions of Aug. 12, 1949 (TIAS 3362, 3363, 3364, 3365), and relating to the protection of victims of noninternational armed conflicts (Protocol II). Adopted at Geneva June 8, 1977. Entered into force Dec. 7, 1978.³ [Senate] Treaty Doc. 100-2.

Transmitted to Senate for advice and consent: Jan. 29, 1987.

Trade—Textiles

Protocol extending the arrangement of Dec. 20, 1973, regarding international trade in textiles (TIAS 7840). Done at Geneva July 31, 1986. Entered into force Aug. 1, 1986; for the U.S. Aug. 5, 1986.

Acceptance deposited: Portugal on behalf of Macao, Jan. 28, 1987.

Weights and Measures

Convention establishing an International Organization of Legal Metrology. Done at Paris Oct. 12, 1955. Entered into force May 28, 1958; for the U.S. Oct. 22, 1972, as amended Jan. 18, 1968. TIAS 7533.

Accession deposited: Portugal, Nov. 26, 1986.

Wheat

Wheat trade convention, 1986. Done at London Mar. 14, 1986. Entered into force July 1, 1986.⁷ [Senate] Treaty Doc. 100-1.

Food aid convention, 1986. Done at London Mar. 13, 1986. Entered into force July 1, 1986.⁷ [Senate] Treaty Doc. 100-1. Transmitted to Senate for advice and consent: Jan. 20, 1987.

BILATERAL**Argentina**

Agreement relating to the employment of dependents of official government employees. Effected by exchange of notes at Buenos Aires May 28 and Dec. 15, 1986. Entered into force Dec. 15, 1986.

China

Memorandum of understanding concerning INTELPOST field trial, with details of implementation. Signed at Beijing and Washington Jan. 17 and Feb. 5, 1987. Entered into force Mar. 1, 1987.

Agreements amending agreement of Aug. 19, 1983, as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Washington Jan. 15-16, 1987. Entered into force Jan. 16, 1987.

Agreement concerning maritime search and rescue cooperation. Signed at Washington Jan. 20, 1987. Entered into force Jan. 20, 1987.

France

Technical exchange and cooperation arrangement in the field of light water reactor safety research, with appendices. Signed at Paris and Washington Nov. 28 and Dec. 31, 1986. Entered into force Dec. 31, 1986.

Guatemala

Agreement for sales of agricultural commodities. Signed at Guatemala July 2, 1986; with amendment signed at Guatemala Aug. 29, 1986.

Entered into force: Jan. 2, 1987.

Guyana

Agreement amending agreement of Aug. 7, 1986, for sales of agricultural commodities. Effected by exchange of notes at Georgetown Sept. 25 and 30, 1986. Entered into force Sept. 30, 1986.

Hungary

Agreement amending agreement of Feb. 15 and 25, 1983, as amended and extended relating to trade in wool textile products. Effected by exchange of notes at Budapest Dec. 30, 1986, and Jan. 6, 1987. Entered into force Jan. 6, 1987.

India

Agreement on educational, cultural, and scientific cooperation, with related letter. Signed at New Delhi Jan. 7, 1987. Entered into force Jan. 7, 1987, for certain provisions; others upon completion of appropriate U.S. legislative action.

PRESS RELEASES

Agreement relating to trade in textiles and textile products, with annexes. Effected by exchange of notes at Washington Feb. 6, 1987. Entered into force Feb. 6, 1987; effective Jan. 1, 1987.

Jamaica

Agreement for sale of agricultural commodities, with agreed minutes. Signed at Kingston Jan. 15, 1987. Entered into force Jan. 15, 1987.

Japan

Agreement on maritime search and rescue. Signed at Tokyo Dec. 12, 1986. Entered into force Dec. 12, 1986.

Agreement relating to development of the XSH-60J weapon system. Effected by exchange of notes at Tokyo Jan. 20, 1987. Entered into force Jan. 20, 1987.

Agreement concerning special measures relating to the agreement under Art. VI of the treaty of mutual cooperation and security regarding facilities and areas and the status of U.S. Armed Forces in Japan (TIAS 4510), with agreed minutes. Signed at Tokyo Jan. 30, 1987. Enters into force on exchange of notes indicating approval by both governments in accordance with their respective internal legal procedures.

Jordan

International express mail agreement, with detailed regulations. Signed at Amman and Washington Dec. 31, 1986, and Jan. 30, 1987. Entered into force Mar. 27, 1987.

Mexico

Agreement of cooperation regarding transboundary shipments of hazardous substances. Signed at Washington Nov. 12, 1986. Entered into force: Jan. 29, 1987.

Agreement of cooperation regarding transboundary air pollution caused by copper smelters. Signed at Washington Jan. 29, 1987. Entered into force Jan. 29, 1987.

Netherlands

Protocol to amend the protocol of Mar. 31, 1978 (TIAS 8998), relating to the air transport agreement of 1957 (TIAS 4782). Signed at Washington June 11, 1986. Entered into force: Feb. 2, 1987.

Singapore

Memorandum of understanding concerning INTELPOST field trial, with details of implementation. Signed at Singapore and Washington Nov. 26, 1986, and Feb. 5, 1987. Entered into force Feb. 5, 1987; effective Dec. 1, 1986.

Switzerland

Agreement on cooperation in radioactive waste management safety research, with appendix. Signed at Bethesda and Baden Aug. 26 and Sept. 26, 1986. Entered into force Sept. 26, 1986.

Tunisia

Agreement amending the agreement of June 11, 1986, for sale of agricultural commodities. Signed at Tunis Jan. 23, 1987. Entered into force Jan. 23, 1987.

U.S.S.R.

Agreement concerning confidentiality of data on deep seabed areas, with related exchange of letters and agreed record. Effected by exchange of notes at Moscow Dec. 5, 1986. Entered into force Dec. 5, 1986.

United Kingdom

Memorandum of understanding for procurement of RN ship-launched harpoon weapon system. Signed at London Oct. 17, 1986. Entered into force Oct. 17, 1986.

Venezuela

Agreement extending agreement of Dec. 26, 1984, establishing a Venezuela-United States agriculture commission. Effected by exchange of notes at Washington Dec. 18, 1986, and Feb. 6 and 13, 1987. Entered into force Feb. 13, 1987; effective Dec. 26, 1986.

Memorandum of understanding concerning cooperation in the geological sciences. Signed at Washington Feb. 6, 1987. Entered into force Feb. 6, 1987.

World Meteorological Organization

Agreement relating to a procedure for U.S. income tax reimbursement, with annex. Signed at Geneva Jan. 23, 1987. Entered into force Jan. 23, 1987.

Zaire

Agreement amending and extending the agreement of Apr. 14, 1984, for technical assistance for the maintenance of the extra high voltage DC intertie Inga-Shaba project. Signed at Kinshasa July 3, 1986. Entered into force July 3, 1986.

¹Not in force.

²With designation(s).

³Not in force for the U.S.

⁴Also on behalf of Aruba and the Netherlands Antilles.

⁵With declaration(s).

⁶With reservation(s).

⁷Provisionally in force for the U.S. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*23	2/2	Shultz: interview by news correspondents in Boston, Miami, Houston, Detroit, New York, and Minneapolis through satellite by CONUS Communications, Jan. 29.
*24	2/2	Shultz: statement on William Casey.
25	2/3	Shultz: statement before Senate Armed Services Committee.
*26	2/4	Shultz: arrival statement, Douala, Cameroon, Jan. 9.
*27	2/4	Shultz: departure statement, Douala, Jan. 9.
*28	2/4	Shultz: remarks at American-Australian bicentennial dinner, Feb. 3.
29	2/5	Shultz: statement before the Senate Foreign Relations Committee on Iran- <i>contra</i> aid affairs, Jan. 27.
*30	2/5	Shultz: statement before House Budget Committee on international affairs and State Department funding, Jan. 28.
31	2/6	<i>American Foreign Policy: Current Documents, 1985</i> , released.
*32	2/6	Shultz: news conference, Abidjan, Cote d'Ivoire, Jan. 13.
33	2/9	Shultz: interview on ABC-TV's "This Week With David Brinkley," Feb. 8.
*34	2/10	Shultz: remarks on receipt of Certificate of Meritorious Service by the American Legion Auxiliary, Feb. 9.
*35	2/10	Shultz: departure remarks, Nairobi, Kenya, Jan. 12.
36	2/11	Shultz: statement before Senate Budget Committee, Jan. 23.
*37	2/11	Shultz: remarks at the foreign policy conference for leaders in teachers education.
*38	2/12	Shultz: interview on NBC-TV's "Evening News," Feb. 11.
*39	2/13	Program for the official working visit to Washington, D.C., of Israeli Prime Minister Shamir, Feb. 17-20.
*40	2/13	Shultz: statement before the House Appropriations Committee, Subcommittee on Defense, Feb. 11.
41	2/13	Shultz: address and question-and-answer session before the American Bar Association, New Orleans, Feb. 12.
*42	2/12	Frank Shakespeare sworn in as Ambassador to the Holy See, Dec. 15, 1986 (biographic data).

PUBLICATIONS

*43	2/19	Shultz: remarks before the National Council for International Visitors, Feb. 18.	*155	11/18	Tribble: Central America, UN General Assembly.	*172	11/28	Montgomery: information, Special Political Committee.
*44	2/24	Shultz: remarks and question-and-answer session before the American Association of Community College Trustees, Feb. 23.	*156	11/18	Reed: operations activities for development, Committee II.	*173	11/28	Lowell: remote sensing of the Earth from space, Special Political Committee.
*45	2/24	Shultz: remarks at U.S. Holocaust Memorial Council conference, Feb. 23.	*157	11/18	U.S.-U.S.S.R. bilateral talks adjourn.	*174	11/28	Okun: arms embargo, Security Council.
46	2/24	Shultz: address and question-and-answer session before the Institute of International Education and the World Affairs Council, Denver, Feb. 20.	158	11/18	Okun: Libya, Security Council.	*175	12/2	Okun: Palestine, UN General Assembly.
*47	2/26	Shultz: remarks before Peace Corps country directors, Feb. 25.	159	11/19	Pressler: Libya, UN General Assembly.	*176	12/3	Norris: external debt crisis, Committee II, Nov. 28.
*48	2/27	Shultz: audiotaped remarks on the occasion of the 45th anniversary of Voice of America, Feb. 24.	*160	11/18	Yost: Central America, UN General Assembly.	*177	12/4	Byrne: Chile, Committee III, Nov. 28.
*49	2/27	Shultz: statement before the Senate Foreign Relations Committee, Feb. 24.	*161	11/20	Byrne: Namibia, UN General Assembly.	*178	12/4	Mrs. Martin Luther King, Jr., presents memorial plaque to the UN.
*Not printed in the BULLETIN. ■			*162	11/20	Byrne: Palau, Trusteeship Council.	*179	12/4	Byrne: Middle East, UN General Assembly.
			*163	11/20	Montgomery: Israeli practice effecting human rights in occupied territories, Special Political Committee.	*180	12/5	Byrne: Chile, UN General Assembly, Dec. 4.
			*164	11/20	Byrne: human rights, Committee III.	*181	12/5	Walters: Nicaragua, UN General Assembly.
			*165	11/21	Michalski: Namibia, Committee V, Nov. 19.	*182	12/8	Michalski: budget, Committee V.
			*166	11/21	Shearouse: personnel questions, Committee V.	*183	12/8	Norris: health and environment, UN General Assembly.
			*167	11/24	Norris: Nicaragua, Committee II, Nov. 21.	*184	12/8	Norris: front-line states, UN General Assembly.
			*168	11/24	Moore: UNRWA, <i>Ad Hoc</i> Committee on Voluntary Contributions.	*185	12/10	Walters: Central America, Security Council.
			*169	11/26	Walters: Cuba, Committee III.	*186	12/19	Walters: UN finance review, UN General Assembly.
			*170	11/25	Clark: outer space, Special Political Committee.	187	12/31	UN General Assembly Review: 1986.
			*171	11/26	Reed: El Salvador, Special Meeting on Emergency Assistance.	* Not printed in the BULLETIN. ■		

USUN

Press releases may be obtained from the Public Affairs Office, U.S. Mission to the United Nations, 799 United Nations Plaza, New York, N.Y. 10017.

No.	Date	Subject
*145	11/5	Clark: human rights, Committee III.
*146	11/5	Scott: Palestinian people, Committee II, Nov. 4.
*147	11/7	Moore: refugees, Committee III.
*148	11/7	Montgomery: information, Special Political Committee.
*149	11/11	Byrne: apartheid, UN General Assembly, Nov. 10.
150	11/11	Kennedy: IAEA report, UN General Assembly.
*151	11/12	Montgomery: information, Special Political Committee.
*152	11/14	Reed: International Civil Service Commission and UN Joint Staff Pension Board reports, Committee V.
*153	11/14	Byrne: refugees, <i>Ad Hoc</i> Committee for Voluntary Contributions to the UNHCR.
*154	11/14	Byrne: religion, Committee III.

Department of State

Free **single** copies of the following Department of State publications are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Secretary Shultz

U.S. Interests in the Persian Gulf, Senate Foreign Relations Committee, Jan. 27, 1987 (Current Policy #911).
Pursuing an Effective Foreign Policy, Senate Armed Services Committee, Feb. 3, 1987 (Current Policy #912).
Nicaragua: The Moral and Strategic Stakes, American Bar Association, New Orleans, Feb. 12, 1987 (Current Policy #918).
Meeting America's Foreign Policy Challenges, Institute of International Education and the World Affairs Council, Denver, Feb. 20, 1987 (Current Policy #921).

Arms Control

The Nuclear and Space Negotiations: Translating Promise to Progress, Ambassador Nitze, World Affairs Council, Boston, Jan. 14, 1987 (Current Policy #910).

Department

The Department of State and the Foreign Affairs Budget (Public Information Series, Jan. 1987).

Energy

Oil and Energy (GIST, Feb. 1987).

Europe

Expulsions of Soviet Officials, 1986 (Foreign Affairs Note, Jan. 1987).

Human Rights

Soviet Repression of the Ukrainian Catholic Church, Jan. 1987 (Special Report #159).

South Asia

Indian Ocean Region (GIST, Feb. 1987).

Western Hemisphere

Debt and Growth in Latin America and the Caribbean (GIST, Feb. 1987).
Soviet Activity in Latin America (GIST, Feb. 1987). ■

Current Documents Volume Released

The Department of State on February 6, 1987, released *American Foreign Policy: Current Documents, 1985*. The book is the most recent volume in an ongoing Department of State series.

Like earlier volumes in the series, this book presents official public expressions of policy that best set forth the goals and objectives of United States foreign policy. Included are the texts of major official messages, addresses, statements, interviews, press conferences and briefings, reports, congressional testimony, and communications by the White House, the Department of State, and other Federal agencies or officials involved in the foreign policy process. The volume contains 1,125 pages arranged chronologically within 15 geographic and topical chapters, and includes a list of documents, editorial annotations, maps, a list of names and abbreviations, and an index.

The volume covers the first year of the second Reagan Administration. It presents the major statements by President Reagan, the Secretary of State, and other government leaders setting forth the most important general principles of American foreign policy in 1985. Policy statements are included on national security policy, arms control, foreign economic policy, terrorism, narcotics, the role of the United States in the United Nations, the approach to human rights around the world, and the concern with refugees. The volume also presents expressions of U.S. policy on regional and bilateral aspects of American foreign relations in 1985.

The *American Foreign Policy* documentary series began in 1950.

Following the publication of three volumes covering the 1941 to 1955 years, annual volumes entitled *American Foreign Policy: Current Documents* were issued for the years 1956-1967. After an interruption the series was resumed with the publication in August 1983 of *American Foreign Policy: Basic Documents, 1977-1980*. The annual volumes were revived with the publication of *American Foreign Policy: Current Documents, 1981*. The 1982, 1983, and 1984 annual volumes have also been published. It is the Department's intention to publish the annual volume for 1986 later this year.

The Department, which released a microfiche supplement to the 1981 printed volume in February 1985, also plans to publish microfiche supplements to the later printed volumes in the

series. These microfiche publications will include the full texts of many documents printed only in part in the printed volumes and will also reproduce a much larger and more complete selection of documents than appears in the books.

American Foreign Policy: Current Documents, 1985 was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies of this volume (Department of State Publication No. 9485; GPO Stock No. 044-000-02136-6) may be purchased for \$31.00 (domestic prepaid) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Checks or money orders should be made payable to the Superintendent of Documents.

Press release 31 of Feb. 6, 1987. ■

Background Notes

This series provides brief, factual summaries of the people, history, government, economy, and foreign relations of about 170 countries (excluding the United States) and of selected international organizations. Recent revisions are:

Audorra (Dec. 1986)
Guatemala (Dec. 1986)
Index (Dec. 1986)
Jamaica (Jan. 1987)
Togo (Jan. 1987)

A free copy of the index only may be obtained from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

For about 60 *Background Notes* a year, a subscription is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, for \$32.00 (domestic) and \$40.00 (foreign). Check or money order, made payable to the Superintendent of Documents, must accompany order. ■

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bulletin

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May 1987



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Department of State ***bulletin***

Volume 87 / Number 2122 / May 1987

THE DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service.

The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party. Special features, articles, and other supportive material (such as maps, charts, photographs, and graphs) are published frequently to provide additional information on current issues but should not necessarily be interpreted as official U.S. policy statements.

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President Reagan held a meeting on March 3, 1987, with the National Security Council staff where he outlined the role of the staff in the formation of national security policy.

(White House photo by Pete Souza)

Iran Arms and Contra Aid Controversy

President Reagan's televised address to the nation on March 4, 1987.¹

I've spoken to you from this historic office on many occasions and about many things. The power of the Presidency is often thought to reside within this Oval Office. Yet it doesn't rest here; it rests in you, the American people, and in your trust. Your trust is what gives a President his powers of leadership and his personal strength, and it's what I want to talk to you about this evening.

For the past 3 months, I've been silent on the revelations about Iran. And you must have been thinking: "Well, why doesn't he tell us what's happening? Why doesn't he just speak to us as he has in the past when we've faced troubles or tragedies?" Others of you, I guess, were thinking: "What's he doing hiding out in the White House?" Well, the reason I haven't spoken to you before now is this: You deserve the truth. And as frustrating as the waiting has been, I felt it was improper to come to you with sketchy reports, or possibly even erroneous statements, which would then have to be corrected, creating even more doubt and confusion. There's been enough of that.

I've paid a price for my silence in terms of your trust and confidence. But I've had to wait, as you have, for the complete story. That's why I appointed Ambassador David Abshire as my special counsellor to help get out the thousands of documents to the various investigations. And I appointed a special review board, the Tower board, which took on the chore of pulling the truth together for me and getting to the bottom of things. It has now issued its findings.

I'm often accused of being an optimist, and it's true I had to hunt pretty hard to find any good news in the board's report. As you know, it's well-stocked with criticisms, which I'll discuss in a moment; but I was very relieved to read this sentence: "... the Board is convinced that the President does indeed want the full story to be told." And that will continue to be my pledge to you as the other investigations go forward.

I want to thank the members of the panel: former Senator John Tower, former Secretary of State Edmund Muskie, and former national security adviser Brent Scowcroft. They have done the nation, as well as me personally, a great service by submitting a report of such integrity and depth. They

have my genuine and enduring gratitude.

I've studied the board's report. Its findings are honest, convincing, and highly critical; and I accept them. And tonight I want to share with you my thoughts on these findings and report to you on the actions I'm taking to implement the board's recommendations.

First, let me say I take full responsibility for my own actions and for those of my Administration. As angry as I may be about activities taken without my knowledge, I am still accountable for those activities. As disappointed as I may be in some who served me, I'm still the one who must answer to the American people for this behavior. And as personally distasteful as I find secret bank accounts and diverted funds—well, as the navy would say, this happened on my watch.

Let's start with the part that is the most controversial. A few months ago I told the American people I did not trade arms for hostages. My heart and my best intentions still tell me that's true, but the facts and the evidence tell me it is not. As the Tower board reported, what began as a strategic opening to Iran deteriorated, in its implementation, into trading arms for hostages. This runs counter to my own beliefs, to Administration policy, and to the original strategy we had in mind. There are reasons why it happened, but no excuses. It was a mistake.

I undertook the original Iran initiative in order to develop relations with those who might assume leadership in a post-Khomeini government. It's clear from the board's report, however, that I let my personal concern for the hostages spill over into the geopolitical strategy of reaching out to Iran. I asked so many questions about the hostages' welfare that I didn't ask enough about the specifics of the total Iran plan.

Let me say to the hostage families: We have not given up. We never will. And I promise you we'll use every legitimate means to free your loved ones from captivity. But I must also caution that those Americans who freely remain in such dangerous areas must know that they're responsible for their own safety.

Now, another major aspect of the board's findings regards the transfer of funds to the Nicaraguan *contras*. The Tower board wasn't able to find out what happened to this money, so the facts here will be left to the continuing

investigations of the court-appointed independent counsel and the two congressional investigating committees. I'm confident the truth will come out about this matter, as well. As I told the Tower board, I didn't know about any diversion of funds to the *contras*. But as President, I cannot escape responsibility.

Much has been said about my management style, a style that's worked successfully for me during 8 years as Governor of California and for most of my Presidency. The way I work is to identify the problem, find the right individuals to do the job, and then let them go to it. I've found this invariably brings out the best in people. They seem to rise to their full capability, and in the long run you get more done.

When it came to managing the NSC [National Security Council] staff, let's face it, my style didn't match its previous track record. I've already begun correcting this. As a start, yesterday I met with the entire professional staff of the National Security Council. I defined for them the values I want to guide the national security policies of this country. I told them that I wanted a policy that was as justifiable and understandable in public as it was in secret. I wanted a policy that reflected the will of the Congress as well as of the White House. And I told them that there'll be no more freelancing by individuals when it comes to our national security.

You've heard a lot about the staff of the National Security Council in recent months. Well, I can tell you, they are good and dedicated government employees, who put in long hours for the nation's benefit. They are eager and anxious to serve their country.

One thing still upsetting me, however, is that no one kept proper records of meetings or decisions. This led to my failure to recollect whether I approved an arms shipment before or after the fact. I did approve it; I just can't say specifically when. Well, rest assured, there's plenty of recordkeeping now going on at 1600 Pennsylvania Avenue.

For nearly a week now, I've been studying the board's report. I want the American people to know that this wrenching ordeal of recent months has not been in vain. I endorse every one of the Tower board's recommendations. In fact, I'm going beyond its recommendations so as to put the house in even better order.

I'm taking action in three basic areas: personnel, national security policy, and the process for making sure that the system works.

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First, personnel—I've brought in an accomplished and highly respected new team here at the White House. They bring new blood, new energy, and new credibility and experience.

Former Senator Howard Baker, my new Chief of Staff, possesses a breadth of legislative and foreign affairs skills that's impossible to match. I'm hopeful that his experience as minority and majority leader of the Senate can help us forge a new partnership with the Congress, especially on foreign and national security policies. I'm genuinely honored that he's given up his own presidential aspirations to serve the country as my Chief of Staff.

Frank Carlucci, my new national security adviser, is respected for his experience in government and trusted for his judgment and counsel. Under him, the NSC staff is being rebuilt with proper management discipline. Already, almost half the NSC professional staff is comprised of new people.

Yesterday I nominated William Webster, a man of sterling reputation, to be Director of the Central Intelligence Agency. Mr. Webster has served as Director of the FBI and as a U.S. District Court judge. He understands the meaning of "rule of law."

So that his knowledge of national security matters can be available to me on a continuing basis, I will also appoint John Tower to serve as a member of my Foreign Intelligence Advisory Board. I am considering other changes in personnel, and I'll move more furniture, as I see fit, in the weeks and months ahead.

Second, in the area of national security policy, I have ordered the NSC to begin a comprehensive review of all covert operations. I have also directed that any covert activity be in support of clear policy objectives and in compliance with American values. I expect a covert policy that if Americans saw it on the front page of their newspaper, they'd say, "That makes sense." I have had issued a directive prohibiting the NSC staff itself from undertaking covert operations—no ifs, ands, or buts. I have asked Vice President Bush to reconvene his task force on terrorism to review our terrorist policy in light of the events that have occurred.

Third, in terms of the process of reaching national security decisions, I am adopting in total the Tower report's model of how the NSC process and staff should work. I am directing Mr. Carlucci to take the necessary steps to make that happen. He will report back to me on further reforms that might be needed.

I've created the post of NSC legal adviser to assure a greater sensitivity to matters of law.

I am also determined to make the congressional oversight process work. Proper procedures for consultation with the Congress will be followed, not only in letter but in spirit. Before the end of March, I will report to the Congress on all the steps I've taken in line with the Tower board's conclusions.

Now, what should happen when you make a mistake is this: You take your knocks, you learn your lessons, and then you move on. That's the healthiest way to deal with a problem. This in no way diminishes the importance of the other continuing investigations, but the business of our country and our people must proceed. I've gotten this message from

Republicans and Democrats in Congress, from allies around the world, and—if we're reading the signals right—even from the Soviets. And of course, I've heard the message from you, the American people.

You know, by the time you reach my age, you've made plenty of mistakes. And if you've lived your life properly—so, you learn. You put things in perspective. You pull your energies together. You change. You go forward.

My fellow Americans, I have a great deal that I want to accomplish with you and for you over the next 2 years. And the Lord willing, that's exactly what I intend to do.

¹Text from Weekly Compilation of Presidential Documents of Mar. 9, 1987. ■

News Conference of March 19

President Reagan held a news conference on March 19, 1987.¹

Q. Terry Anderson was taken captive in Lebanon 2 years and 4 days ago, and today there are 8 Americans held hostage there. How has the Iran-contra affair complicated your efforts to win the release of the hostages?

A. That's rather hard to tell right now. Indeed, the affair did get some hostages released, and if it hadn't leaked, I don't know whether the word of what we were doing there—I don't know whether we would have gotten more out. As the day that the information leaked and everything went public, it was my understanding that there were—the other two were due out in the next few days. But we're going to continue to explore, as we always have, every opportunity to try and get them out.

I happen to believe that when an American citizen any place in the world is unjustly denied their constitutional rights to life, liberty, and the pursuit of happiness, it is the responsibility of this government to restore those rights.

Q. Former President Carter will be in Syria this weekend. Is he carrying a message from you about the hostages?

A. No.

Q. Is he making any effort in that regard as far as you know?

A. I don't know. I wouldn't be surprised if he—if he was, but—and I'd be grateful if he did.

Q. There have been reports that you were told, directly or indirectly, at least twice that the *contras* were benefiting from the Iran arms sale. Is that true or were you deceived and lied to by Admiral Poindexter [former national security adviser Rear Adm. John M. Poindexter] and Colonel North [Lieut. Col. Oliver L. North, a former aide on the National Security Council staff]? And I'd like to follow up.

A. Let me just say, no, that is not true at all. When I went on the air right after the news broke and told what we had been doing and how we—what our policy was in getting into this affair, I did not know at that time that there was any money involved. I only knew that we had received our \$12 million for the weapons which we had agreed to sell. Then, a little later, when the attorney general told me that he had come upon something that indicated that there was something to do with money in Swiss bank accounts—and I couldn't imagine what it could be, because as I say, we got our money—but I said that I thought we ought to go public with that again so that you had all the information that we had and not wait and have someone uncover this and think we were trying to cover up or something.

So that was late on Monday afternoon. Tuesday morning, the first thing, we went before the joint leadership of the Congress and told them what we'd learned, that all we'd learned was that there was evidently some money having to do with this whole arrangement over

there and involving some Swiss bank accounts. And then I came into the press room to all of you and told you.

Q. Is it possible that two military officers who are trained to obey orders grabbed power, made major foreign policy moves, didn't tell you when you were briefed every day on intelligence? Or did they think they were doing your bidding?

A. I don't know. I only know that that's why I have said repeatedly that I want to find out, I want to get to the bottom of this and find out all that has happened. And so far, I've told you all that I know and, you know, the truth of the matter is, for quite some long time, all that you knew was what I'd told you.

Q. Robert McFarlane, who was then your national security adviser, says that in August of 1985, he called you on the telephone and asked if you wanted to give the green light to Israel to send arms to Iran and have them replenished from U.S. stocks, and that you said you did. And he said that he reminded you in that conversation that your Secretaries of State and Defense were against it and you said you understood that, but you explained to him the reasons why you wanted to authorize it. Do you have no memory of that, whatsoever?

A. All I know is that I was never—my memory didn't fail me on the fact that I had agreed to this thing. The only thing I could not recall was at what point was I asked. And as a result of that and not being able to recall when I gave this permission, we now have quite a system installed of people taking notes in all our meetings and all our doings.

Q. If you don't recall, when Benjamin Weir—Reverend Weir was released in mid-September of that year, why did you think they had released him if you couldn't recall that you had authorized Israel to do that?

A. No. As I say, I'm aware—I can't remember just when, in all the calls and meetings and so forth, this was presented and when I gave the go ahead. But this was a thing in which the Israelis were willing to sell weaponry—mainly TOW [tube-launched, optically tracked, wire-guided antitank] missiles—and wanted to know if they did, if we would agree to sell them replacements when and if they needed it.

Q. —the day before he was released?

A. I know that I agreed to that and I've heard—and there are other people that don't remember either who were

present at meetings. One of them was Bud [McFarlane] and what his memory was—I don't think it was a phone call. He has described it as a visit to the hospital where I was after surgery. But others who were present, they didn't remember that conversation. But I know that it must have come up, and I must have verbally given the okay.

Q. You said that in your heart you still believe that it wasn't an arms-for-hostage deal, but that the weight of the evidence presented by the Tower commission convinced you that it was. In your heart do you now believe that it was an arms-for-hostages deal from the beginning, as the Tower commission said, and that the policy was flawed?

A. But it could be that the policy was flawed in that it did deteriorate into what I myself and when I went on the air recently said—was arms-for-hostages [deal]. But let me just as briefly as I can take you through the steps which I did from the very beginning.

We had, by way of Israel, a report that there were responsible people, some from the Government of Iran but not necessarily in the inner circle of—with Khomeini, who wanted to see if they could not open a dialogue with representatives of the United States that would lead to a better understanding—and I'm sure that they had in mind a future government of Iran—that we could have the kind of relationship that we'd had once earlier. I thought, because our policy had always been based on trying to restore a relationship with a country that is very important strategically, and also behind the scenes to try and get an end to that war—an end with no victor, no vanquished, both countries retiring to their own boundaries and so forth. So, I wasn't going to miss that opportunity. And I approved our going ahead.

One of the first things brought up in the meeting with those who were representing us was that these people said that they, for two reasons, needed something like—and they mentioned the arms sales. It came from them, not us. They said, one, for their own prestige it would give them a standing with the people that they would have to be dealing with in the future, including the military leaders. And, at the same time, it would assure them that the people they were dealing with did have access to our government at the highest levels and they could trust them to deal. And, so, our answer to that was that we had a policy of not doing business with a country that supported terrorism, and Iran

was on that list. Well, they made quite a pitch that they, too, were opposed to terrorism and that they had even done some things counter to terrorism—terrorist activities and so forth. Well, our reply to them was, there is a very practical way in which you can prove that, and that is, help the—use your influence to get the hostages out. Now, I have never believed, and I don't believe now, that Iran can give orders to the Hezbollah, but there is a philosophical relationship there that we thought they might be able to be persuasive and they've indicated that that was true. Now, with no further information than that, until I read the Tower commission report, after appointing the Tower commission to get to the bottom of this thing and see what was going on, then I found that the strategy talks had disappeared completely, and led by the Iranians, the conversation was totally arms-for-hostages. So I don't see where I could say now that isn't what it degenerated into.

Q. They faulted you in the Tower commission report for caring too much about the hostages. If you had it to do all over again, would you do it again?

A. No, I would not go down that same road again. I will keep my eyes open for any opportunity again for improving relations. And we will continue to explore every legitimate means of getting our hostages back for the reason that I explained earlier.

Q. Iran and Nicaragua are important up our way in Buffalo, but more important is Canada because we are right there on the border, and the number one irritant in U.S.-Canadian relations is acid rain. Now, you're going up there next month, and yesterday you announced a \$2,500 million, 5-year program, but many Canadians and environmental groups in this country feel you haven't gone far enough. They feel that the U.S. Government should set standards for these emissions that cause acid rain. Is your Administration giving any consideration to the establishment of standards?

A. Yes, let me say, that we've not just been sitting here holding back or anything, we have that joint commission with them to get at this problem. We have found out that the further we've gone, the more complex the issue of the source of acid rain becomes. And so what we've been trying to do is avoid going down some avenue that would disappoint us and we wouldn't really solve the problem but we would have wasted our resources. We've made some

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progress in learning things that can be done and we were ready to make this move, there are others probably yet to come. We're still investigating this.

Q. Another point they bring up is that the Environment Protection Agency isn't sufficiently involved in your new initiative. Do you plan to bring them into it in full force?

A. Everybody will be brought into this thing to find out how we can solve it. But at the moment, too, we're dealing with the private sector, with the industries, and so forth that would be involved in this.

Q. At your last news conference 4 months ago, you said that Israel has nothing to—United States had nothing to do with Israeli arms shipments to Iran when you knew that that was not true. Why did you say that?

A. I'm glad you asked that, because I've read at great length references to that, and heard them on the air. I'm glad to explain. When I left here after that press conference and went back there, and our people were waiting back there and had been watching on the monitor what was going on, they told me what I had said. And it was evidently just a misstatement on my part. I did not know that I had said it in such a way as to seemingly deny Israel's participation. And when they told me this, and when I finished bumping my head, I said to them, "Quick, write down a correction of this." I didn't realize that in there, maybe I talked too long. I said, "I didn't realize that I had said that or given that impression. We've got to get this message to all of you before you went to work on your stories."

So it was just a misstatement that I didn't realize that I had made.

Q. But the fact is that you were asked it four times in that news conference, and you made this inadvertent statement four times you were specifically asked about Israel's role. And during that early period, it now turns out that there were a series of statements you made that were misleading. One of the first statements was, you said that the whole story that came out of the Mideast was without foundation.

A. No. That wasn't at the press conference. That was on November 6th, when you were shouting questions at me.

Q. Well—

A. And at that—well, right. But then, what I was trying to do, and I think some of you will recall this, I was trying to plead with all of you, hoping

that this leak that came from that weekly paper in Beirut could be corralled, because I wanted to explain that we didn't know—what the lives of the people we'd be dealing with would be endangered, and certainly our hostages could be in danger. And so this was all I was trying to say, and I remember saying, "Please—stop speculating and stop asking questions." I didn't know how far we could go before we could get someone killed. And when David Jacobsen came here and met with you in the Rose Garden, he repeated that without knowing that I had said it. He said the same thing, and quite passionately, that you could get some people killed if we kept on with that story.

Q. Do you feel an obligation always to tell the truth to the American people? Or sometimes do you feel you may have to mislead, as in that case, saying it's without foundation for a higher diplomatic purpose?

A. No, there are things in which I—there are times in which I think you can't answer because of national security or other people's security. But no, I'm not—I'm not going to tell falsehoods to the American people. I'll leave that to others.

Q. Speaking to young people in your re-election campaign in 1984, you referred to government as a sacred trust and you said we're going to keep this trust. The Tower report says that some of your officials in your Administration made untruthful statements, and you've acknowledged here that it became a trade of arms for hostages. Do you feel that you kept your promise that you made in that campaign to the young people and that your government has?

A. Yes, I do. And from the very first, I told you all everything I know about this situation. I am still waiting to find out the source of extra money, the bank accounts, and where that extra money went. And that's why I appointed the Tower commission to get to the bottom of this and a special prosecutor. You see, I'm old fashioned—I call these independent counsels—I still call them special prosecutors.

Q. If I could follow, are you distressed that even your own polls show that a majority of American people, including many who voted for you, believe that you're not telling the full truth on the Iran-*contra* affair?

A. In view of what they've been reading and hearing for all these several months—I can understand why they might think that.

Q. In view of what you told the Tower board, and what they concluded—that you had difficulty recalling the decision and the timing of the decision to send the arms to Iran—is it at all conceivable that you may also have forgotten being told about the diversion of funds to the *contras*?

A. Oh, no. You would have heard me from—without opening the door to the office if I had been told that at any time. No. And I still do not have the answer to that money. The only thing that I can see is that somebody in the interplay of transporting the weapons, must have put an additional price on them. We asked for \$12 million, which was the cost—no profit on those weapons—and we got our \$12 million back. And it was a complete surprise to me to discover that there was any additional money—and this, I think is the thing—we're still waiting for that to be explained.

Q. If I could follow in a related element, then—Mr. North is quoted in the Tower report in a memo he wrote as saying the President obviously knows why—he has been meeting with select people to thank them for their support for democracy in Central America. Were you aware that such meetings that you attended were being used to solicit funds from private citizens in the United States for Central America for the *contras*?

A. I knew that there were many people privately giving money to things of that kind—in the country here—but the people I met with—and I subsequently found out that some of them were doing this. But when I met with them, I met with them to thank them because they had raised money to put spot ads on television in favor of the *contras* in an effort to try and influence Congress to continue giving aid. And I thought that was worth a thanks. I've gone to the public many times since I've been here to get the public to help put the pressure on the Congress for us to get some worthwhile cause.

Q. You said that Senator Sam Nunn is wrong in arguing that the record does not support a broad interpretation of the Antiballistic Missile Treaty (ABM). Why is he wrong?

A. You know, I thought somebody might ask about that, and I just brought something in here with me. Marshal Grechko, Soviet minister of defense in 1972, proclaimed about the ABM Treaty, "It imposes no limitations on the performance, the research, and experimental work aimed at resolving the

problem of defending the country against nuclear missile attack."

Now, when some time ago we realized that there was this belief that the ABM Treaty had an interpretation that could be more liberal than we had been using, it still didn't change anything with SDI [Strategic Defense Initiative] because there was no need for us to go beyond what we were doing. But as we progressed and developed SDI, we realized we were coming to a time in which that narrow interpretation of the ABM Treaty could interfere with and set us back in what we were trying to accomplish. And this is when we took a look at this broader interpretation.

And I know that Mr. Sofaer [Legal Adviser Abraham D. Sofaer] over in the State Department is looking into this, and he believes that there is legally a more liberal interpretation. Now, we're a nation of laws, and we want to stay within the law. But at the same time, we believe that the Soviet Union has been going even beyond a liberal interpretation of the treaty. They've been going beyond the treaty in some of the things they are doing.

Q. You arrived at this broad interpretation quite a while ago. How soon do you intend to implement it? How soon do you believe you are going to be slowing down the Strategic Defense Initiative?

A. Actually, we haven't made a decision because we're still operating within the narrow limits and have no reason to go outside them as yet, and it will be some time before we do. But we're having this—we're all of us studying this, and we haven't arrived at a decision or set a date yet.

Q. The Tower report said that the arms deal with Iran should never have been made in the first place. You have said that you accept the Tower commission report.

A. Yes.

Q. And yet your friends say that in private you still have a deep feeling that you do not feel it was wrong to sell arms in the beginning. I want to know, in your heart do you feel that you were right or were you wrong in selling arms to Iran?

A. We had quite a debate, and it was true that two of our Cabinet members were very much on the other side. And it turned out they were right because, as I say, it did deteriorate into that.

But what my position was, and still is, you are faced with some kidnappers—they have kidnapped some of our

citizens. Now, you cannot do business with them. There's no way that you can discuss ransom or do them any favor which makes taking hostages profitable. But suddenly, an opportunity to get into a conversation with a third party—and you find that that third party maybe can do something you can't do, that they can have an influence on these people over here, these kidnappers, and get your people free—I did not see that as trading anything with the kidnappers. They didn't get any advantage out of this; they didn't show any profit on what was going on. And the place where I was wrong was in not realizing that once that pressure was put on from the other side—and it did stem from the Iranian representatives—they saw an opportunity, they thought, to start bargaining for more weapons than that, more or less, token amount that we had agreed to sell, and to put the price at varying numbers of hostages.

So I still believe that if someone in my family was kidnapped and I went out and hired someone that I thought could get that person safely home, that would not be engaging in ransom of the victim.

Q. If I could follow, you're still arguing that somehow this event deteriorated, it went awry as it went along. I want to know whether you think it was wrong or right in the beginning.

A. If I hadn't thought it was right in the beginning we never would have started that. It was an opportunity presented by people evidently of some substance in the Iranian Government to open up a channel to probably better relations between our two countries, maybe even leading to more influence in getting this terrible war ended there in the Middle East. And they, themselves—there was never—when we entered into this, there wasn't any thought of hostages in this particular thing, they'd never been mentioned. It was only when they put in this request, as I've explained, for arms and we had to explain that we didn't do business with people that supported terrorism, that they offered to prove that they weren't supportive of terrorism, either.

And this is how we weren't going to overlook an opportunity if we could get those hostages back. And we're not going to overlook an opportunity in the future. But we're not going to try the same thing again, because we see how it worked.

Q. Setting aside what the Iran initiative turned into, as you were setting the policy in motion, did you give

consideration to how our Arab friends in the region would think about the United States sending arms to their mortal enemy?

A. I think we have a very good relationship—better than we've had in many, many decades—with the countries in the Middle East. And I think that we have proven our friendship for them to the place that they could understand what we were doing. But I also think it ought to be noted that countries in the Middle East, countries in Europe, countries in Asia, and the communist bloc, have been selling arms to both sides in this war for the last few years and they've been selling about almost four times as much to Iraq as they have to Iran. And the biggest amount of sales is coming from the communist bloc to both countries. So, what I was sure of was that we were not affecting the balance—military balance between the two countries with the small amount that we were going to sell.

Q. You've said that Defense Secretary Weinberger and Secretary Shultz opposed the policy, that you waived their views and decided to go ahead anyway. Given all the other concerns that you have to deal with as President, how much thought did you give to this policy? Was it a casual thing or did you give it quite an extensive going over before you embraced the policy?

A. The only thing I've done casually since I've been here in these 6 years is hold a press conference.

Q. In view of Secretary Harrington's energy security study that he completed this week, how can we deal with our overreliance on insecure foreign oil?

A. This is a problem that we are studying and I'm expecting some reports momentarily on this. We have to study this. This is why we increased the strategic reserve since we've been here. But we have to do more than that. And I have also asked Congress already for some acts that I think would improve the situation here domestically. It involves elimination of the windfall profits tax, it involves the deregulation of natural gas, some other things that we've already asked Congress for. So far, we haven't gotten them as yet.

Q. What concerns you most about the decreasing U.S. oil production and the finding that it could threaten national security, based on that report?

A. It certainly would be in—if we were faced with a crisis. And what has

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happened to us is that here in our standard of living and all, they can't find and produce oil for the price that it has gone back down to. It was only the high price that could keep them in business.

Q. Long before the diversion of funds to the *contras*, the Tower board has documented 2 years of an extensive military support for the *contras* at a time when Congress ruled that to be illegal—air strips, phoney corporations, tax exempt foundations—all directed by Oliver North and John Poindexter, and before them Robert McFarlane, out of the White House. And—the question is, how could all this be taking place—millions and millions of dollars—without you having known about it, especially at a time when you were calling the *contras* the moral equivalent of our Founding Fathers?

A. I don't believe—I was aware that there are private groups and private individuals in this country—I don't believe it was counter to our law. But these people were voluntarily offering help, just as we've seen in the past. We had a thing called the Abraham Lincoln Brigade in Spain in the Civil War there. And I don't know how much that would amount to. I don't know whether it's enough to keep them in business or not. But I do know that it is absolutely vital that we not back away from this. We've had some experiences in our country where the Congress has turned on a president. Angola was the most recent example, perhaps—when in Angola, when—being a colony, and the civil war broke out there, and there was a communist faction, and there was a group that wanted democracy. And an American president asked Congress just for money. No blood, just money to help the democratic people of Angola have a democratic government. They don't have a democratic government, they have a communist government now, and there are 37,000 Cuban soldiers fighting their battle.

Q. But sir, if you were truly unaware of the millions of dollars in government money and government operations that North and Poindexter were directing to the *contras*, what does this—respectfully, what does this say about your management style? You have said in your speech that your management style in the *contra*-Iran affair did not match your previous track record. The Tower board criticized your management style. If you were unaware of these things and

forgot when you actually approved the Iranian arms sale, what does it say about the way you've been managing the presidency?

A. I've been reading a great deal about my management style. I think that most people in business will agree that it is a proper management style. You get the best people you can to do a job, then you don't hang over their shoulder criticizing everything they do or picking at them on how they're doing it. You set the policy and I set the policy in this Administration, and they are then to implement it. And the only time you move is if the evidence is incontrovertible that they are not following policy or they have gone down a road in which they're not achieving what we want. And I think that that is a good management policy.

Q. Would you—

A. I'm not going to comment now because all that you've mentioned are involved in investigations and I, more than anyone, want these investigations to proceed so that I know, and will know, what has been going on that has been kept from me in various covert operations.

Q. You didn't answer the question on North or Poindexter. Did they deceive you? You didn't answer whether Poindexter or North deceived you.

A. They just didn't tell me what was going on.

¹President's opening statement omitted here (Weekly Compilation of Presidential Documents of Mar. 23, 1987). ■

Secretary Visits Asia

Secretary Shultz departed Washington, D.C., February 26, 1987, to visit Hong Kong (February 27–March 1), the People's Republic of China (March 1–6), the Republic of Korea (March 6), and Japan (March 6–7). He returned to the United States on March 7.

Following are the Secretary's address before the Dalian Management Training Center on March 3, remarks at a banquet in Shanghai on March 5, and excerpts from statements in Seoul and Tokyo.

**DALIAN,
MAR. 3, 1987¹**

Thank you for your warm welcome, and I'm very pleased to have the opportunity to be here. It's a double pleasure. First, I've been looking forward to this opportunity to visit your center. Since its first management program in 1980, it has come to serve as an important example of a constructive, Sino-American cooperation and friendship. Second, as a professor, I welcome this chance to return to the academic world, even if only for a day.

And I might say that in the United States, at a university from which I had a degree and taught—M.I.T. [Massachusetts Institute of Technology], known for its engineering—the first advanced management class that I taught in, it was almost 40 years ago, and I've been meeting with advanced management

students practically every year since then. Somebody tell me I don't look that old.

At any rate, it's good to meet with students whose numbers include so many who already have considerable experience as managers and administrators. You are well poised to gain the greatest benefit from your advanced study of management practices. All of you have been specially chosen for study here at the Dalian Management Training Center. You are to be congratulated for that honor; but it is also an honor bearing heavy responsibilities. What you learn here at Dalian will enhance your proven managerial capabilities and enable you to play an even more important leadership role in helping your nation meet the vast challenges of economic modernization.

For our part, the people of the United States are both pleased and proud to be able to contribute to China's development efforts through this special management training program. The work of the American teachers here at the center is one more concrete manifestation of our interest in strengthening Sino-American cooperation and in seeing China further advance its economic modernization.

Challenges of the Future

Today, I want to discuss certain problems of national growth and development in the midst of increasingly

dramatic economic and technological changes taking place on a global scale.

Our world is in the midst of an exciting scientific revolution—one whose social, economic, and political consequences are only beginning to be felt. Time and space are contracting as instantaneous electronic communications make business, politics, and culture truly global for the first time. And as a result of new information technologies, previous measures of economic development—and, by extension, military and political strength—are fast becoming outdated.

As we look to the year 2000 and beyond, the future competitiveness of nations will be shaped not simply by their concentrations of labor and natural resources but, more and more, by how freely and effectively they are able to use knowledge and information. And unlike oil or mineral wealth, information is a resource that is not depleted over time but, rather, increases through use and sharing.

But though these changes offer our peoples tremendous promise, the global environment that they are reshaping is also bringing new challenges. More than ever before, the economic well-being of all nations is dependent upon their ability to adapt and compete within an open and growing world economy. In contrast with previous decades, closed national markets, no matter how big, are no longer large enough to ensure a competitive and prosperous economy. In this new information age, any nation which seeks to remain apart from the world economy—and to restrict the free flow of goods, services, investments, and ideas in and out of its borders—will be able to do so only at tremendous sacrifice. Closed societies will fall behind and wither.

Over the coming decade, this will be particularly true for those nations seeking development and modernization through greater economic growth. That growth will best flow not from central planning but from the creative energies released by competition in the marketplace. In previous years, the exploitation of natural resources, or the implementation of a strategy focusing on traditional manufactured items, could provide for export-led growth for many such countries. But these tactics are growing less and less effective in ensuring the competitive participation of these nations in today's increasingly crowded global market. This is particularly so as information-based services and new technologies rapidly become the leading edge of the world economy.

The Importance of Open Doors

As the leaders of China and the United States confront the problems of how to ensure greater security and prosperity for their peoples, we both face important economic decisions. How should our respective economies take full advantage of the changes in the world brought about by new technologies? How can we ensure continuing economic dynamism and high growth? And how can we do so in a manner that preserves and expands an open international trade system and, thus, helps to secure a more peaceful and prosperous world for all? Moreover, how our two countries respond to these problems will affect our relationship.

In suggesting a general answer to these issues, I will borrow the central metaphor that Chairman Deng used in his speech of October 6, 1984. At that time, he noted that: "China cannot rebuild itself with its doors closed to the outside, and it cannot develop in isolation from the rest of the world."

For China, for the United States, and for other nations as well, this new information age will require, above all else, that we continue to open our doors to one another. When such doors are open—when people, goods, and ideas can flow freely between us—both Chinese and Americans can learn from each other. Through such openness, societies are better able to stimulate and to take advantage of the inherent dynamism and creativity of their peoples.

Managing Change and Encouraging Economic Development

Economic change in this new information age represents both new difficulties and new opportunities. Adjusting to change—managing its effects to the greatest long-term benefit—can be a painful but necessary process.

In America, high-technology industries and financial services have emerged as new engines of our economic growth. Yet, many of our traditional manufacturing sectors face serious challenges from increasingly competitive trading partners abroad. As a policy response, the United States has sought to reduce the role of government intervention in the workings of our economy. We have taken steps to encourage even greater opportunities for individual initiative and entrepreneurship with the marketplace. We have done so because we see economic freedom as a powerful stimulus to economic dynamism, adjustment, and innovation.

In our international policies, we have worked to preserve and expand liberalized trade. We have continued to support growth in other countries through our assistance programs and through participation in multilateral development banks. We have encouraged our private sector to help other countries through commercial lending and investment. Here in China, for instance, our trade and development program has spent \$12 million since 1982 for feasibility studies designed to involve American companies in your country's large-scale development projects, as well as in technical seminars and training programs.

China's current economic situation is quite different from that of the United States, but its future role in the world economy is potentially very great.

My visit is part of an ongoing pattern of frequent consultations with the Government of the Republic of Korea. I value the opportunity to hear . . . the observations and views of your leaders on matters affecting our mutual interests. In this spirit, I have discussed with President Chun a range of issues, including security and tension reduction on the Korean Peninsula, the continuing economic prosperity of both our nations, and the process of political evolution. I have also reaffirmed the unwavering U.S. commitment to helping provide that necessary security which will enable the Korean people to continue their work for further economic and political development.

Seoul, Korea
March 6, 1987

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Endowed with abundant material and human resources, it has the promise to become one of the world's major economic powers. And consequently, its economic development has tremendous implications for the United States, for Asia, and for other countries throughout the world.

In recent years, under Chairman Deng Xiaoping's and Premier Zhao Ziyang's farsighted leadership, China has launched a bold program of economic reform and modernization. The American people have applauded these efforts at national modernization. We have been impressed by the remarkable successes that China's leaders have achieved through their self-confident policy of opening out to the world and facing squarely the challenges of economic and social reform. In a dramatic turnaround, China, in recent years, has had to struggle with the problem, not of too slow growth but of too rapid development.

You here in Liaoning Province, under the direction of Acting Governor Li Changchun, have embarked on a pioneering program of economic reform using human, financial, and natural resources more efficiently. Shenyang's bond exchange, its leasing of enterprises, and bankruptcy law have attracted attention because they are pathfinding efforts to develop new solutions to old problems.

The potential rewards for China of these policies are very significant. As Premier Zhao Ziyang noted in his recent New Year's speech: "Opening to the outside world and enlivening the domestic economy are, in a nutshell, also reforms. They have already enormously benefited the whole country, and certainly will continue to benefit every one of us even more substantially."

Naturally, China faces major problems as it strives for growth and development. Much must be done to strengthen China's transportation, communications, and energy infrastructure. Jobs must be created for great numbers of young people coming into the job market each year. And as China grows, as living standards rise, the Chinese people will desire greater variety and improved quality in diet, clothing, and housing. All of these factors will create pressures on the Chinese economy to increase national wealth and to enrich its cultural and spiritual life.

Strengthening Our Relations Through Economic Interchange

If these challenges are great, so, too, are the energy and creativity of the Chinese

people. China now has the opportunity to create its own unique solution to the challenges of modernization—one which combines distinctive Chinese strengths and traditions with the exciting scientific, commercial, and intellectual changes at work in today's world.

The United States is prepared to join with the Chinese people as they make the most of this special opportunity. We believe that such cooperation in supporting Chinese modernization efforts is in the best interests of both our countries. As President Reagan noted when he spoke before a group of students at Fudan University in 1984:

Your government's policy of forging closer ties in the free exchange of knowledge has not only enlivened your economy, it has opened the way to a new convergence of Chinese and American interests. You have opened the door, and let me assure you that ours is also open.

Our joint accomplishments since the Shanghai communique of 15 years ago provide a firm basis for such cooperation. Since 1972, the overall relationship between our two countries has matured. Our dealings with each other, once narrow and restricted in scope, have now broadened to include a whole range of commercial, scientific, cultural, and military matters. And this process is continuing.

By working together, Chinese and Americans have already nurtured a growing bilateral economic relationship. American firms have invested more than \$1.5 billion in China. Total American investment is exceeded only by that from Hong Kong and Macao. Our companies have helped to develop offshore oil and natural gas exploration, electronics, textile machinery, hotels, food processing, and a variety of high-tech enterprises. Some of our projects are among the largest of their type in the world.

And in turn, the United States has rapidly become one of China's largest and most important contemporary markets for exports. Only 7 years ago, Americans purchased under 2% of China's exports. Our two-way trade was about \$1 billion. Today, we buy more than 10% of all Chinese exports, and our two-way trade has surpassed \$8 billion for the last 2 years.

But much more can and should be done. The People's Republic and the United States have only begun to tap our rich potential for mutually beneficial trade. An expanded exchange in goods, services, technologies, and investments

will be important both to your country's modernization effort and to my country's economic well-being.

For this potential to be fully realized, each of our countries will have to make a special effort. It will become increasingly important, for instance, for China to diversify its exports to the United States. It may be difficult for China to move quickly beyond its current concentration on textiles and petroleum-related products, but this effort must be made.

And in turn—because trade, to be most effective and advantageous, must be a two-way street—China must also continue to open up its own domestic markets to our exports. This year, your exports to us have increased by 24%. But I am disappointed that our exports to you have fallen off by 19%. I hope this trend will soon be reversed.

For our part, Americans need to learn more about China. To become more competitive, American businessmen have to recognize the unique requirements of the Chinese market. American businessmen must be both patient and imaginative, ready to take full advantage of the opportunities created by our joint efforts to open markets.

Sino-American Economic Issues

As our economic relationship progresses, it is inevitable that our two countries will face new and troubling issues. That shouldn't be the cause for despair. After all, if you have no relationship, you don't have any problems. It's only when you have a rich and growing relationship that you see the problem that interaction brings. But it does require that—in a spirit of patience, flexibility, and good will—our two countries continue to make every effort to deal positively with economic and commercial problems that may divide us.

American companies want to participate further in China's economic development. And, therefore, we have been pleased by the steps that China has already taken to adjust its investment environment to meet the concerns of foreign investors. We believe this is a move in the right direction that holds promise for the future. I hope that your government will consider additional policy measures that will broaden the types of companies given favorable treatment and address the problems of access to your domestic markets and the remittance of profits.

Here in Dalian, one of China's most successful open coastal cities, you have already shown the determination to be

second to none in providing a hospitable climate for foreign investment. I understand that you have signed up over 20 foreign-invested joint ventures for your new economic development zone, including five U.S.-Chinese joint ventures. I am confident that American businessmen will increasingly discover the potential you offer.

We look forward to negotiating a new bilateral agreement on textiles that might provide a more realistic and equitable foundation for our trade in this area. China is now the second largest textile supplier to the United States in terms of volume. In 1 year—between 1985 and 1986—the value and volume of China's textile exports to the United States shot up by 63%. Within the United States, our own textile industry—which is the largest single employer in our manufacturing sector—has been adversely affected by this surge.

In the field of economic services, the United States permits Chinese banks and shippers to compete freely in our marketplace. But many American professionals and businesses—bankers, lawyers, architects, construction firms, airlines, shipping firms—feel they are either shut out completely or have excessive difficulty entering China's market. I hope we will also see greater reciprocity in this particular field.

Although China has made significant progress toward protecting intellectual property, Americans believe that further measures should be taken to ensure equivalent protection of patents, trademarks, and copyrights. Without assurance that they will benefit from the fruits of their endeavors, our businessmen and investors will be reluctant to share much of their know-how. We were pleased by China's decision to adhere to the Paris convention for the protection of intellectual property and look forward to the promulgation of a new Chinese copyright law as soon as possible.

There are, of course, many critical questions that Chinese Government officials and managers have about American policies as well. Some questions, for instance, involved our policies on the transfer of technology that China needs in its modernization effort. Let me assure you that this issue is receiving President Reagan's personal attention. We will be taking steps in the near future to further liberalize our export controls on technology of interest to China.

The United States has already approved an impressive number of licenses for high technology to China.

The value of approvals for such licenses has totaled almost \$12 billion since 1982. Actual exports of such high technology to China have grown to \$3.6 billion since 1982. During this time, we made it easier to export to China certain types of American computers, microchip-making equipment, and electronic instruments. And we are constantly reviewing other measures we can take, either by ourselves or with our allies, to ensure a more expeditious flow of technology to China.

The Sino-American Stake in Open World Trade

But technology alone is not enough to guarantee successful modernization. Success requires that an economic system be open and flexible enough to use these advanced technologies to produce goods and services that are competitive in the global market place. China and the United States share an important mutual interest in ensuring that this global market remains open and continues to expand.

No country has a greater commitment to free and fair trade than does the United States. It has been one of the principal sources of our national prosperity and technological development over the past four decades. And no region has benefited more from consistent American support for an open world trading system than East Asia. Americans welcome that fact. It is in our own interest that the nations of East Asia grow and prosper.

But today, protectionism, in its varied forms, is a great danger for us all. We have learned from the bitter experience of the Great Depression 50 years ago how protectionism can impoverish trading partners, provoke retaliation, inhibit world trade and economic growth, and eventually encourage political instability. Protectionism keeps prices up, reduces living standards, and erodes competitiveness.

And so, all nations, both industrialized and developing, have an important stake in working together to preserve and expand the open world trading system. Consequently, the United States welcomes China's interest in participating in the General Agreement on Tariffs and Trade, more commonly known as the GATT. The process of Chinese accession will not be accomplished overnight—the GATT rules were not designed for a large economy of the Chinese type. And all the parties currently involved in the GATT want to

proceed on the basis of mutual benefit. For our part, we are prepared to work actively toward a solution. In our view, China can play an important role by actively joining GATT discussions seeking to expand general trading opportunities and enhance market access for exports worldwide. And China can further develop its foreign trade system so as to gain the maximum benefit from its GATT participation.

Thus far, I have spoken of trade, investment, and technology as instruments of growth and development. They are important. But by themselves, they will not be sufficient to ensure a society's continuing dynamism and innovation—particularly in meeting the demands of this emerging information age.

Our ability to absorb and benefit from these new technologies is not simply a question of physical and economic infrastructure. In the United States, we have found there must also be an intellectual environment that values and encourages the potential for creativity inherent in individual men and women. And thus, education is a critical element of any modernization effort. I believe the United States can play an especially constructive role in this field. In addition to supporting your bold education experiment here in Dalian, the United States has welcomed nearly 20,000 Chinese students to our institutions of higher learning for study in the sciences, management, and humanities. We are confident that when they return to their country, they will make an important contribution to China's modernization efforts. Along with our own academics, businessmen, journalists, and diplomats here in China, these students can provide an important bridge between our two countries. China's policy of *Kai-Fang*, or openness, recognizes that the current era of dramatic economic, scientific, and technological change, closed doors, and rigid ideas is a formula for stagnation and backwardness.

Conclusion

I am especially pleased that, on this trip, I will be going from Liaoning Province, a symbol of China's experimentation in its efforts at economic modernization, to Qufu, the birthplace of China's great sage, Confucius. The contrasting symmetry between these two places—with their special meaning of both tradition and innovation—is particularly fitting. It suggests that China will be able to draw upon traditional social values and con-

THE SECRETARY

temporary scientific knowledge in building a modern society and economy.

Qufu reminds us of some of the ideals imparted by Confucius more than 2,500 years ago: the importance of education; service to the nation; propriety in dealings with others; and concern for the

Since I arrived . . . I have held very good discussions with both Prime Minister Nakasone and . . . Foreign Minister Kuranari . . . We agreed the Japan-U.S. relationship is very sound; we continue to see eye-to-eye on vital international issues such as arms control; and our cooperation remains essential for regional and global stability and prosperity. The U.S. Government welcomes the steady improvement in Japan's ability to defend its own territory and the current and proposed growth in Japan's assistance to the developing world.

We were also quite frank in acknowledging that persistent trade imbalances threaten the well-being of both countries and a global free trade system that has served us both so well. We agreed that it is urgent that we redouble our efforts to find effective solutions to this serious problem. These solutions lie on both sides of the Pacific and in both national economic policy and specific trade areas.

Tokyo, Japan
March 6, 1987

welfare of future generations. And, though separated by great time and distance, those ideals are quite similar to the values held by the men and women who worked to create what has become the United States. Such principles are still relevant for both our peoples today.

And here in Dalian, the very work in which all of you are now engaged is an example of Chinese and American cooperation in expanding knowledge, in experimenting with new methods, and in learning from each other.

The days of greatest promise for both our countries lie ahead. We can learn from the past without dwelling on it, and we can take pride in present achievements without being satisfied. But, primarily, we should look to the future—a future in which our countries will benefit from shared cooperation and further economic development. We look forward to working together to promote a just, secure international system in which all countries can prosper.

SHANGHAI,
MAR. 5, 1987²

Mrs. Shultz and I are honored that you would have this banquet to mark the occasion of our visit and to have here so many distinguished people who are known not only in Shanghai but throughout the world. And, of course, it is a special pleasure to be here just a few days after the 15th anniversary, as you noted, of the Shanghai communique, issued in this city February 28, 1972.

The Shanghai communique was a momentous document. In it, the leaders of the People's Republic of China and the United States of America found it beneficial to have the opportunity, after so many years without contact, to present candidly to one another their views on a variety of issues. The meetings that produced the Shanghai communique marked a historic turning point between our two peoples. And it is particularly fitting that the document should be associated with this dynamic city, which has long been a center for China's contacts with the rest of the world.

Guided by the carefully formulated language of the Shanghai communique, our two countries have turned our relationship away from the path of hostility toward one of growing friendship and cooperation. Together with the Joint Communique on the Establishment of Diplomatic Relations of January 1, 1979, and the joint communique of August 17, 1982, the Shanghai communique remains part of the foundation on which we have

together developed broad and mutually advantageous ties between our peoples.

The enduring significance of the Shanghai communique is symbolized by the fact that two of its participants in the ceremony 15 years ago—Ambassadors Han Xu and Winston Lord—are now charged with even greater responsibilities for promoting good relations between our two countries. We work to strengthen mutual understanding and cooperation. The United States will continue to adhere to the principles contained in these three fundamental policy statements on Sino-American relations.

In the Shanghai communique, our two governments affirmed that "normalization of the relations between the two countries is not only in the interest of the Chinese and American peoples but also contributes to the relaxation of tension in Asia and the world." Today these words have special meaning for us, even as they did in 1972. In 1987 Chinese and Americans need only recall the serious cost to both sides of our period of estrangement to appreciate the value of the progress that we have made since then. This perspective, in turn, should prompt both our countries to work even harder to expand mutual understanding and cooperation.

The Shanghai communique was a forward-looking document, enabling our two countries to build for the future. It called for the development of greater contacts and exchanges between our peoples in such diverse fields as science, technology, culture, sports, and journalism. It recognized the importance of facilitating the growth of bilateral trade and of expanding contacts among our senior officials. And by providing for increased ties across a spectrum of Chinese and American interests, the Shanghai communique helped set the stage for the normalization of our political relations in 1979.

Through our work together, we have seen that the original promise of the Shanghai communique has been more than justified. The program of bilateral science and technology cooperation between China and the United States is now the largest that either country has, comprising 29 protocols, in areas ranging from cancer research to exploration of the bottom of the ocean. Our bilateral trade has grown to exceed \$8 billion in each of the past 2 years—a record that I personally hope our countries will continue to break with each passing year. We have welcomed over 19,000 Chinese students to the United States, and you have hosted more than 1,200 American scholars.

AFRICA

The many visits exchanged by our senior officials since normalization in 1979—beginning with Chairman Deng Xiaoping and including President Reagan, President Li, Premier Zhao, and Vice President Bush—have fostered deeper mutual understanding and greater appreciation of the common goals of our respective countries. We have seen that the United States and China have many areas of common interest in the East Asian region and beyond. Each of us wishes to pursue an independent foreign policy, but this does not stand in the way of our increasing contacts and areas of cooperation. And we share the view that no one country or group of countries should attempt to dominate others.

The Shanghai communique also provided a framework within which we could deal with unresolved problems. We have done much in this regard over the past 15 years. And we are pleased that this process is continuing. In the Shanghai communique, as in the other two communiqués on which our relationship is based, the United States made clear that our policy is based on the principle that there is but one China. We have no intention of pursuing a policy of "two Chinas" or "one China, one Taiwan."

In the Shanghai communique, the United States also reaffirmed its interest in a peaceful settlement of the Taiwan question by the Chinese themselves. We understand and appreciate that striving for a peaceful resolution of the Taiwan question is also a fundamental policy of the Chinese Government.

These principles of one China and a peaceful resolution of the Taiwan question remain the core of our China policy. While our policy has been constant, the situation itself has not and cannot remain static. We support a continuing evolutionary process toward a peaceful resolution of the Taiwan issue. The pace, however, will be determined by the Chinese on either side of the Taiwan Strait, free of outside pressure.

For our part, we have welcomed developments, including indirect trade and increasing human interchange, which have contributed to a relaxation of the tensions in the Taiwan Strait. Our steadfast policy seeks to foster an environment in which such developments can continue to take place.

The progress we have made in Sino-American relations since 1972 is all the more meaningful when viewed in the context of the changes in the United States, China, and the international

situation since that time. On this, my third trip as Secretary of State to the People's Republic, I have had the opportunity to see remarkable progress being made in China's modernization effort. From the dramatic mountain scenery of Guilin to the rows of new apartment housing in Beijing, from the management training institute in Dalian to the birthplace of Confucius at Qufu, we have witnessed the determined efforts of China's people to build upon their own traditions toward a future of economic and social progress.

I am confident that, under the far-sighted and bold leadership of Chairman Deng Xiaoping, Premier Zhao Ziyang, and other senior officials, including you here in this city, Mr. Mayor, China will forge its own unique solutions to the challenges of modernization. And in the context of the Chinese policy of "kai fang" or "openness," the American people are prepared to contribute where they can to this process, for such

cooperation serves important shared interests of both our countries.

Thus under successive leaders in both countries, and in evolving circumstances, the fundamental premise of the Shanghai communique endures: that normal and cooperative relations between China and the United States are mutually advantageous, that they will serve the common interests of our two peoples in promoting economic and social progress, and that they will contribute to regional stability and help build a more secure world for us all.

May I ask you all, then, to join me in a toast in the spirit of the Shanghai communique: to your health, Mr. Mayor, and all of our other friends here in Shanghai, to the continued progress and friendship between the peoples of the United States and of China.

¹Press release 54 of Mar. 5, 1987.

²Press release 59 of Mar. 10. ■

FY 1988 Assistance Requests for Sub-Saharan Africa

by Roy A. Stacy

Statement before the Subcommittee on Africa of the Senate Foreign Relations Committee on March 12, 1987. Mr. Stacy is Deputy Assistant Secretary for African Affairs.¹

Thank you very much for this opportunity to testify on behalf of the Administration's FY 1988 foreign assistance request for Africa. Assistant Secretary Chester Crocker had very much looked forward to being here with you today, but as you know, President Reagan will be meeting very shortly with Kenya's President Moi, who is in Washington on an official visit, and it was necessary for Dr. Crocker to postpone his first meeting with the subcommittee during this Congress until another time. He has asked me to reiterate his desire to work closely with you and his wish to be available to the subcommittee at an early, mutually convenient time.

I wish to begin by drawing the subcommittee's attention to the Administration's proposal for a development fund for Africa—a legislative initiative which shares many elements in common with congressional proposals put forward last year and this year. I am pleased to note that the general thrust of these initia-

tives is the same, and I believe we share many of the same goals. We both share similar convictions about the necessity of trying to improve the effectiveness and constructive impact of U.S. aid programs in Africa. I know we share the same perceptions of the opportunities before us to advance U.S. interests by laying a stronger basis for a partnership with the nations of Africa.

U.S. Tie to Africa

Our national interest in a strong, healthy, enduring relationship with Africa was demonstrated by Secretary Shultz's visit to six countries across West, Central, and East Africa in January of this year. Although not presently a significant trading partner of the more economically advanced industrialized democracies, Africa's size and population make it a potentially important commercial and economic market. Its coasts border crucial shipping lines of communication among Europe, the Middle East, South Asia, and the Far East. Its geography guarantees it a role in access to and security of the northern and western Indian Ocean and the South Atlantic. Although much has been written about its currently exploited mineral resources, few publications or analysts

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have made the explicit point that Africa almost certainly contains the majority of this planet's still-undiscovered mineral resources. Its current mineral production is essential to U.S. industry and commerce; Africa is at this time virtually the only economically affordable source of many strategic minerals such as cobalt, chromium, and the platinum family of metals. Africa has vast hydroelectric and agricultural potential which has scarcely been developed, let alone exploited. Its nearly 50 countries comprise almost one-third of the members of the United Nations, the single most cohesive voting bloc in the United Nations. These countries play an increasingly significant role in the formation of UN positions and policies which are of great importance to the United States—on terrorism, human rights, refugee affairs, Middle East peace talks, to name just a few. A report currently being prepared for the Congress will make the point that during this past year, like the two before it, there was an increased coincidence of African voting positions with those of the United States—as opposed to their previous strong alignment with the position of our major strategic adversary.

Finally, I do not believe we can or should simply ignore or skip lightly over the fact that nearly 12% of America's own population traces its roots to Africa. Africa is, therefore, important to us, as a people, in cultural and historic terms. African countries' surge toward independence took place at the same time that we were engaged in our own renewed civil rights struggles in the 1960s. Thus, the United States has a strong humanitarian and national interest in helping Africa meet the basic human needs of its people and realize its full human and development potential.

In that regard, the United States has a very strong interest in sustaining the remarkable trend in policy reform and structural adjustment that is sweeping Africa. This U-turn away from socialist economics and antigrowth statism is one of the unheralded successes of U.S. Africa policy. So far we are winning this war of economic ideology, but it must be reinforced and deepened, and that is a matter of vital national interest to the United States. Therefore, I will plan to return to the subject later on in my testimony.

Security Interests

The Administration seeks modest, but essential, security assistance funding for FY 1988—\$98 million for the military

assistance program (MAP), \$5 million in foreign military sales (FMS) concessional credit, \$10.5 million in international military education and training (IMET), and \$100 million in economic support funds (ESF).

Our security assistance program is designed to strengthen our bilateral relationship with countries which agree with and support our strategic concern about the northwest Indian Ocean; it is intended to materially support those nations actively resisting external aggression and externally instigated domestic destabilization; and it is carried out with an intent to deny opportunities for Soviet, Cuban, and bloc adventurism throughout the region.

It has on occasion been asserted that the Administration's policies have contributed to instability in Africa by emphasizing military over economic assistance—by “militarizing” or contributing to the “militarization” of the continent. I categorically reject that argument. The record quite plainly shows the opposite. During the first 5 years of this Administration, economic assistance accounted for more than 80% of our total assistance to Africa. When one considers emergency humanitarian assistance, the ratio is even greater in terms of providing for elementary and fundamental human needs. In FY 1986 the ratio was \$9.00 of economic assistance for every \$1.00 of military assistance; and in FY 1987, it is \$14.00 of economic aid for every \$1.00 of military aid. If the Administration's request for FY 1988 is enacted into law, the ratio will still be nine to one in favor of economic aid.

I think it is important to note that U.S. military assistance to sub-Saharan Africa since the Reagan Administration came to office has been only 3% of total military assistance provided by all outside countries to Africa.

Since 1980 the United States has provided \$568 million in military help, and \$388 million of that total—well over half—has been focused in the three countries where we have demonstrable, tangible, strategic interests—Sudan, Somalia, and Kenya. By contrast, the U.S.S.R. has provided \$11.7 billion in military hardware during the same period. The United States ranks but sixth among providers of arms to Africa.

I want to emphasize that U.S. military assistance is centered on training, logistics, maintenance, engineering, and transportation—areas that contribute to basic military capability as well as to infrastructure improvements and nationbuilding capacity. In only very

few cases have we provided lethal assistance, normally in circumstances similar to the current one in Chad, where a friend faced a demonstrably externally incited, directed, and provisioned aggression.

With the advent of the Africa fund initiative, we have considerably reduced our request for ESF to \$100 million for FY 1988, which now is proposed only for the countries where we have specific strategic or security interests—Chad, Djibouti, Kenya, Somalia, Liberia, Senegal, Seychelles, and Sudan. These eight countries figure prominently in our national security strategy in terms of either conflict resolution (their weight or influence in African councils) or military access (prepositioning of supplies, overflight rights, possible staging areas) and are vital components of our national security interests for the future. They are important not just in terms of our own strategic posture but also as signals of U.S. resolve to other African countries. I believe it is important to note that while the justification for ESF for these countries is based on U.S. security interests, the actual application of the assistance would be economic and developmental. So, rather than asking for \$100 million in military assistance for U.S. security needs, we are requesting \$100 million in economic assistance to support development and even policy reform which will strengthen our democratic partners in Africa. The principal immediate use of these funds would be to support structural adjustment and economic policy reform in the eight key recipient countries.

The political and security interests with Africa which I have just outlined are priorities that would rank high on any hierarchy of global interests. We reject the idea put forward by some that Africa is a “residual” in our foreign policy, something expendable when the going gets rough.

Africa's Commitment to Economic Reform

I would now like to return to the subject of policy change. No single program is more important to the overall health of African countries than economic reform.

Possibly the most important development in the past half-dozen years has been the growing recognition among Africans that they need to come to grips with the financial and human cost of misguided economic policies. The United States, by means of the legislation under consideration, would help sustain and move Africa's economic adjustment

toward policies that will stimulate investment and incite new growth and the spread of development and employment opportunities. As we have all seen, in countries beginning to take the first brave steps toward a reordered and reinvigorated economic process, these changes are not easy and are not without heavy political costs to the governments involved. But without solid economic policies and well-managed, market-oriented economies, all our and Africa's other strategic and humanitarian interests will be in jeopardy. There is an enormous opportunity today to solidify the foundations that must underpin all our economic and strategic interests. This is an opportunity which, notwithstanding our own painful budgetary realities, we cannot afford to let pass us by.

The mature partnership we seek with Africa took a major step forward last May at the UN-sponsored Special Session on the Critical Economic Situation in Africa. It was the first such UN special session to focus on the economic needs of a single region—an event which highlighted the change in Africa's economic direction. Even more remarkable was the degree of consensus among African nations themselves and donor countries on what needs to be done to arrest Africa's economic decline and begin the long road back to sustainable growth. Candidly, African nations have recognized, and have had the great courage to do so publicly, that past statist policies have failed to produce the economic growth needed to improve the living conditions of their peoples.

At the UN special session, the Africans presented an action program which, among other things, included a commitment to give priority to agriculture and to undertake a variety of other economic, fiscal, and policy reforms. They also pledged to strengthen investment incentives, review public financing policies, improve economic management, and encourage domestic resource mobilization and the role of the private sector.

No fewer than 22 sub-Saharan African countries in the IDA-eligible [International Development Association] category have embarked on or are about to initiate major structural reform programs. Let me cite just a few examples.

- Senegal has substantially increased agricultural producer prices, reduced subsidies, embarked on reform of its parastatal sector, reduced tariffs on industrial products, opened rice trading to the private sector, and raised utility rates to minimize the burden on the national budget.

- Zaire and Zambia have devalued their currencies, eliminated most trade and price controls, and increased agricultural prices.

- In Zaire, in addition, the government has established a market-based foreign exchange system.

- Zambia, meanwhile, has introduced a foreign exchange auction for most commercial transactions.

- Kenya has mounted a major stabilization effort, liberalized import licensing and maize and fertilizer marketing, and adopted a flexible exchange rate policy.

- Somalia and Uganda have liberalized prices for a variety of agricultural products. They have been rewarded with large increases in agricultural production.

- Guinea closed down its entire state banking system and allowed the establishment of three commercial banks.

- Ghana has changed its financial policy so that interest rates, which used to be highly negative in real terms, are now positive.

The above listing is illustrative and is not intended to be comprehensive. For a more detailed description of the African reform process, I would like to insert into the record a paper entitled "A Summary of Some Development Effects of African Economic Reforms."

Many of the benefits to the masses, particularly at the lower end of the economic ladder, will take time, but some early results can already be seen. In general, adjustment programs are more likely to have a positive redistribution of income effect by correcting discrimination against the rural sector, a bias which has hurt the poor. In most cases, income transfers under adjustment programs—from urban consumers to farmers and shifts in public expenditures to less capital-intensive urban-based projects—improve the equity of income distribution and strengthen the antipoverty focus in government programs.

However, the adjustment process has not been without cost. Using a sample of 13 countries which have launched structural adjustment programs and for which reliable statistics exist, the World Bank reports that consumption in many of them has been declining for a number of years and that all but one (Ghana) are likely to see per capita income consumption stagnate or decline further in the next 3 years. Each of those 22 reform programs strikes at the heart of the constituencies on which political power, patronage, and the support of the

forceful urban elites have been based. Clearly such belt-tightening carries with it considerable risk for reformist governments. Staying the course will be increasingly difficult, and that is why it is so important that the United States be willing, in effect, to put its money where its mouth is—to support our friends as they try to put into effect the very reforms we have been trying so hard to get them to face up to. In doing so, we must not stand idly by while they run—alone—the substantial political risks and costs that will be so incurred.

Just to maintain current levels of per capita income over the period 1987–89, substantial resources over and above those in sight need to be found. For six countries—Zambia, Zaire, Senegal, Niger, Madagascar, and Tanzania—this gap could amount to an additional \$700 million per year. Moreover, the quality of assistance, and its timeliness and responsiveness to political and economic priorities, must also be improved.

U.S. Response

The United States has been at the center of the growing dialogue with African countries. Between 1980 and 1985, development assistance and ESF to Africa increased sharply, reaching \$770 million in 1985. Regrettably the trend was reversed in 1986, with development assistance and ESF assistance to Africa dropping to \$603 million. In 1987 the downward trend continued, driven by Gramm-Rudman-Hollings targets and a failure by Congress to appropriate the funds necessary to sustain our global foreign policy objectives. Excluding the FY 1987 supplemental request submitted to Congress, development assistance and ESF assistance to Africa in FY 1987 is projected at \$478 million. However, even if the supplemental request of \$50 million were approved for Africa, the level in 1987 would still be only \$528 million—a decline of 31% relative to 1985.

Fortunately, the outlook for 1988 is somewhat better, but the needs are still great. The Administration has put together an economic and security assistance request that we believe is responsive to Africa's requirements but which still takes into account our own painful budgetary stringencies. It is absolutely vital that Congress fund the Administration's FY 1988 request in full; without the FY 1987 supplemental and the full funding of our FY 1988 request, we will be unable to reverse the downward trend of assistance to Africa.

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In this regard, Secretary Shultz's recent comments on the foreign affairs budget are worth repeating:

The President's foreign affairs budget might usefully be looked upon as a form of national insurance. In asking the Congress to devote only two cents out of every budget dollar to our foreign policy goals, the President has determined the minimum premium we must pay as a people to safeguard the peace and lead the free world. Those who would cut the foreign affairs budget even further are gambling needlessly with our nation's future.

No one can say for sure how large the gamble will be. We know we pay some price every day in terms of lost opportunities to influence events. Perhaps a crisis that could have been averted today by timely and relatively inexpensive military or economic assistance, or through diplomatic efforts, will explode in our faces the day after tomorrow.

The Development Fund for Africa

This brings me to the main topic of today's hearing—the Administration's proposal for a development fund for Africa.

Following an exhaustive interagency examination of our relationship with Africa, we came to the conclusion that, at this time of budgetary constraints, we needed to make better use of our limited aid resources in Africa and that the development fund for Africa would do just that. The fund brings important new features to our assistance program, including a special long-term commitment to Africa, no-year funding, and the elimination of functional accounts.

The Africa fund provides the balance that we need at this moment in Africa's economic development. It would enormously facilitate our ability to promote growth and long-term development in Africa and is more responsive in timeliness to the wave of economic reform that must be the foundation for sustainable development. The fund would provide both project assistance at the village level as well as quick-disbursing program assistance to support policy realignment at macro and sector levels. I should stress that the Administration—and the Africans themselves—do not see these types of assistance as an "either/or" proposition. Both are essential and are mutually supportive. Without a proper macro-economic or sector framework, many projects would be doomed to failure. Conversely without projects, targeted activities in population, environmental management, health, and child survival would be hampered.

Since my AID colleague will be addressing the programmatic assistance content of the fund, I will limit my testimony to two major programs incorporated in the fund—the African Economic Policy Reform Program and the Southern Africa Initiative.

African Economic Policy Reform Program. This Administration believes strongly that a continuing flow of U.S. assistance at statistically significant levels is necessary to sustain the continentwide abandonment of statist strategies and assist African international competitiveness. Consolidation of these trends would constitute a major American success and a significant defeat for our adversaries' influence in the Third World. The economic bind in which most African states find themselves, and the prevalence of one-party and military regimes, tend to promote a search for radical solutions while creating low-cost openings for Libya and the Soviets. An African disavowal of statism has the potential, over time, to transform the African politico-economic landscape to the advantage of both African peoples and the United States.

Market economics and private sector-led development are now on trial in Africa as government after government feels the public outcry from the austerity measure inherent in structural adjustment and economic reform. Our goal must be to keep our partners headed in this direction and to demonstrate convincingly that it is the West, not the Soviet bloc, that is the natural and effective partner of African countries seeking to develop and modernize.

The African Economic Policy Reform Program (AEPRP)—a program designed to support market-oriented policy reforms in Africa—is one of the most effective instruments the United States has for this. Originally designed as a \$500 million, 5-year program, the AEPRP has had to be scaled back because of severe budget pressures flowing from the low level of foreign assistance appropriations. In the first 3 years of this program's existence, allocations for the AEPRP totaled \$150 million—about half the amount foreseen for the period. Nonetheless, although much more could have been accomplished with increased funding, the AEPRP has played an important role in sustaining reform in such countries as Zambia, Malawi, Rwanda, Mali, Mauritius, Senegal, Togo, Guinea, and Zaire. Moreover, the AEPRP has had an important catalytic effect in introducing

policy reform criteria into programs funded from the World Bank and other sources. The AEPRP has provided us with a capacity to conduct a dialogue with and to assist African reform efforts and to influence multilateral institutions and other donors with additional resources to commit to Africa. This reason alone would justify the existence of a substantial AEPRP as a separate program within the development fund for Africa.

The Southern Africa Initiative. Southern Africa's political orientation, stability, and economic well-being are central to U.S. policy. America's national interest in the region is best served by a community of pluralistic, representative societies which are secure from external threats and which are supported by open and competitive economies. This is also what the peoples and governments of southern Africa have professed to aspire to. The alternative—economic regression, lack of progress in solving the political problems of the region, and increased militarization and resort to violence—can only provide opportunities for those who wish ill toward the United States and who seek to promote southern African instability and expand their influence in the region.

Without skillful U.S. diplomacy, active coordination with our allies, and well-crafted aid and investment programs, positive trends toward economic reform and dissociation from the Soviet bloc could be overwhelmed by a combination of South African actions, front-line state susceptibility to Soviet offers of military assistance, and rising violence.

For these reasons, as well as our interest in retaining Western access to southern African strategic mineral and metal supplies, we must remain actively engaged in promoting peaceful change and economic growth in South and southern Africa. It is clear beyond question that there is new thinking about political change and economic growth taking place in the region, and inside South Africa specifically. The fact that increasing numbers of South Africans are beginning to talk about what should replace apartheid and that the front-line states have withheld action on their own sanctions, is itself evidence of the forces of change at work. Our goal, as a nation, must be to encourage change and give it substance and support. Adequate funding for the Southern Africa Initiative is essential to the pursuit of these objectives.

The Southern Africa Initiative—which would provide funding for promo-

tion of trade and investment, market-oriented policy reform, and improvement of regional transportation links—spells out a positive vision for the region, not a destructive one based on threats, sanctions and countersanctions, and polarizing recriminations. This is precisely a time when the United States and our allies should be seeking to maximize our influence and our leverage. We need to exert every possible effort to avoid damaging the economic, social, and political futures of the people and governments of southern Africa which we seek to help. Tangible support by the United States for the region's economic health will send powerful and positive signals to both the South African Government and the black-ruled states of the region at a time when negative alternative scenarios loom darkly on the horizon.

The Western donors' commitment to the economic development of a free southern Africa is clear. Our allies are already doing more. U.S. assistance to the area has been impressive, totaling \$1.2 billion in the 1981-85 period, but our share as a percentage of total Western bilateral and European Community assistance is relatively small—about 15%. Our West European allies are heavily engaged in southern Africa through bilateral as well as multilateral programs. For example, the European Community, under the 5-year commitments made in 1986 at Lome III, projects giving \$1.7 billion to the region with about 40% of funding directed to the transport sector. The Dutch provide nearly \$230 million annually to southern Africa, and the United Kingdom is enlarging both its aid to the Southern Africa Development Coordination Conference (SADCC) and to Mozambique. The five Nordic countries have announced a 50% increase in total aid to the southern African region, from \$2 billion over the past 4 years to \$3 billion in the next similar period. Italy has reported a total pledge to southern African regional projects of \$150 million, representing about one-third of total Italian aid to sub-Saharan Africa.

The overall European commitment to the transport sector, SADCC's highest priority, is to be commended. The first phase of the rehabilitation of the often-talked-about Beira corridor in Mozambique has now been fully subscribed by European donors.

I also wish to mention the important contribution of the private sector, particularly from Zimbabwe, to the rehabilitation of the Beira corridor. A private-sector Beira corridor group, which

includes U.S. companies, has been established expressly for this purpose. Zimbabwean businesses are investing in the transportation infrastructure and are planning industrial and agricultural ventures in the corridor area that will help to revive the troubled Mozambique economy. Zimbabwean private sector firms are contributing throughout the region to the strengthening of national economies. Through trading and developing investment relationships, these firms provide food, capital and consumer goods, and spin-off employment opportunities that not only stimulate neighboring economies but serve as a model to show neighboring governments how a healthy private sector can lead to growth and benefits for all.

We have a supplemental request before Congress for a "down payment" for this vitally important initiative. Assuming favorable action on the 1987 supplemental and FY 1988 requests, \$93 million in additional funding will be available for the first 18 months of this initiative. The full 5-year funding of the initiative would certainly not place the United States out in front of our allies in southern Africa who, as I have indicated earlier, are committed to doing more themselves. I should add that the Southern Africa Initiative has been included in the development fund for Africa because it is in conformity with the fund's principal objectives—long-term development and policy reform. Given the importance we attach to this region, I wish to enter into the record our program planning and policy document for southern Africa, entitled "An Initiative for Economic Progress in Southern Africa." It responds to the requirements of Section 505 of the Comprehensive Anti-Apartheid Act of 1986, and supports our request for an FY 1987 supplemental and our FY 1988 request for funding.

U.S. Multilateral Actions

On the multilateral front, the Administration has also played an important catalytic role. Last year, the International Monetary Fund (IMF) and World Bank executive boards approved a U.S. proposal for a structural adjustment facility using \$2.7 billion special drawing rights in trust fund reflows. These reflows will be channeled to low income countries—primarily in Africa—with protracted balance-of-payments problems. The structural adjustment facility will provide substantial support to countries engaged in major structural adjustment programs, thereby alleviating their financial pressures.

We have also agreed to support a substantially larger IDA VIII replenishment which, together with voluntary contributions, will total about \$12.4 billion. Our contribution will be the largest, with a total pledge of \$2.875 billion. Under IDA VIII, Africa's share will rise to between 45-50%. This compares with \$9 billion for IDA VII and an African share of 36%.

Negotiations for the African Development Bank's (AfDB) fourth general capital increase have been completed, and we expect the Board of Governors to give their approval by June. The proposal under consideration posits a 200% increase in the bank's capital base. This would be the largest ever. In addition, talks are just beginning on the fifth replenishment of the African Development Fund, the AfDB's soft loan window.

I believe it is extremely important that the Congress look carefully and seriously at the issue of U.S. funding for the international lending institutions; in Africa, the multinational banks provide nearly four times the amount of the entire U.S. bilateral assistance program. Yet we are falling behind on our pledges to replenish funds for these institutions, and, seeing the United States fall further into arrears, our major industrialized partners and allies may be tempted to let up on their own solemn commitments. This would have disastrous effects for Africa, for which, in many respects, the possibility of borrowing from an international financial institution may be the best alternative to putting themselves into hock or escrow to the Soviets and others of our adversaries.

These additional multilateral financial flows will clearly help but, as stated earlier, more flows are necessary in many African countries just to sustain current per capita income levels. We, therefore, urge full funding of the Administration's FY 1988 request for Africa.

Human Rights

This is not the place to catalogue Africa's recent record in the field of human rights; that record is fully portrayed in our 1986 human rights report which has just recently been delivered to the Congress. But I would like to emphasize the fact that human rights concerns and an interest in fostering respect for democratic norms are a key ingredient of this country's Africa policy and of our relationships with the diverse countries of that continent. Aware as I am of your own strong commitment to these goals, I

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want to reaffirm to you and to your subcommittee that I share that commitment and underscore my own belief that the United States can be and should be proud of what it has done and is trying to do to advance human rights goals in Africa. In fact, I am prepared to say categorically that no other country is doing more. No other country has argued more forcefully for respect for human rights; no other country ties its economic assistance and political ties more explicitly to respect for human rights; no other country—as a country—produces an annual report on human rights performance of every country in the world as part of its diplomatic practice. Although the human rights component is only one of a large array of factors in our relationship with other countries, it is a very important one. I think it is worth taking note of some representative examples from Africa where human rights issues are important to our policy.

- Sudan enjoyed a return to democracy in 1986, but continues to suffer from the effects of a protracted ethnic and cultural conflict compounded by foreign intervention. We have consistently pressed for movement toward national reconciliation there.

- In Liberia there has been some improvement in political conditions, and the 1986 municipal elections were apparently conducted in a fair and open manner. But much mistrust still lingers over the 1985 national elections and subsequent coup attempt, and the Liberian Government is working to overcome the effects of earlier press bannings and repression against opposition groups. We have welcomed these developments and are urging further progress in dealing with the problems that remain.

- In Uganda President Museveni's government appears to have brought peace through much—if not all—of the country, and he is committed to healing the wounds of war and to progress toward national reconciliation and economic recovery. Our aid program, albeit small, gives us credibility on economic reform issues and moral influence on account of our strong position against the human rights abuses of previous regimes.

- As a close friend, we are concerned about the human rights situation in Kenya, particularly the Kenyan Government's recent actions against political dissidents. Kenya has an open political system which has demonstrated a capacity to conduct dialogue and debate on issues of national importance

in a fair and responsive manner in the past. We believe that adherence to these standards would result in a stronger and more vibrant democracy.

- In Ethiopia, on the other hand, the process of villagization continues unabated, and that country's government seeks unswervingly to implement a true Marxist state.

- In Angola, I regret to say I believe there has been a pulling back from earlier indications of a willingness on the part of the Popular Movement for the Liberation of Angola (MPLA) to search for a negotiated settlement to the conflict. The MPLA now appears to have opted for a course of military victory with ensuing misery and suffering inflicted upon the hapless people of Angola.

- In Zaire although we continue to be concerned about sporadic reports of inhumane treatment of prisoners and political dissidents, the government has lifted its ban on prison visits by the International Committee of the Red Cross (ICRC) and created a new government ministry to investigate and recommend redress for cases of abuse at the hands of government authorities. We have conducted a continuing dialogue on human rights with the Government of Zaire, including with President Mobutu, and will continue to do so.

- Finally, I don't believe we should let this discussion end without noting the sharp deterioration of the human rights situation inside South Africa, a situation which can give none of us any satisfaction and which has to call for a continuing effort to maximize our influence while doing the least possible damage to those whom we seek to assist.

In closing, I would like to summarize the case for our assistance program for Africa. Although there are links to U.S. strategic policy in other parts of the world, notably the Middle East and Southwest Asia, they do not form the principal rationale for a strong U.S. relationship with Africa. Africa's need for external assistance as its nations grow toward becoming mature democratic partners in the free society of nations is self-evident. The U.S. national interest in furthering and strengthening our relationship with Africa is equally self-evident. I want to work with you in trying to maximize what the United States can offer, both by way of influencing the development of Africa as well as through what we can offer Africans as they work toward democratic advance. I would stress that this budget request is not a hastily conceived "wish list" but, rather, reflects a number of painful choices we have had to make as part of our contribution to the congressionally mandated deficit reduction. The U.S. effort to assist in the development of democratic societies in Africa which can join proudly in partnership with the rest of the democratic community of nations is obviously in our own national interest, from an economic standpoint, from a political standpoint, and from a U.S. national security standpoint. The investment on our part is small; the reward—not just for Africa but also for the United States—is great.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S. Tables Draft INF Treaty

PRESIDENT'S REMARKS, MAR. 3, 1987¹

Working closely with our friends and allies in Europe and Asia, the United States has pursued—ever since my initial proposal of November 1981—deep, equitable, and verifiable reductions of land-based U.S. and Soviet longer range INF [intermediate-range nuclear force] missiles, with the objective of their complete global elimination. Most recently we've been preparing a detailed treaty text to implement these agreed objectives and to follow the specific formula on which Mr. Gorbachev and I agreed at

our meeting in Iceland last October. This calls for reductions to an interim global ceiling of 100 warheads on U.S. and Soviet longer range INF missiles, with none in Europe, along with constraints on shorter range INF missiles and provisions for effective verification. I remain firmly committed to these objectives.

Having long sought progress in this area, therefore, I welcome the statement by Soviet General Secretary Gorbachev on Saturday that the Soviet Union will no longer insist on linking agreement on reductions in INF to agreements in other negotiations. This removes a serious obstacle to progress toward INF

reductions and is consistent with the understanding which Mr. Gorbachev and I reached at our 1985 Geneva summit meeting: that we would, indeed, seek a separate agreement in this important area. I want to congratulate our allies for their firmness on this issue. Obviously, our strength of purpose has led to progress.

To seize this new opportunity, I have instructed our negotiators to begin the presentation of our draft INF treaty text in Geneva tomorrow. I hope that the Soviet Union will then proceed with us to serious discussion of the details which are essential to translate areas of agreement in principle into a concrete agreement. And I want to stress that of the important issues which remain to be resolved, none is more important than verification. Because we're committed to genuine and lasting arms reductions and to ensuring full compliance, we will continue to insist that any agreement must be effectively verifiable.

To explore further the implications of these latest developments, I have also asked our senior negotiators in Geneva—Ambassadors Max Kampelman, Mike Glitman, and Ron Lehman—to return to Washington to meet with me later this week. Following these discussions in Washington, I will send a team back to Geneva to take up once again the detailed negotiations for an INF reductions agreement.

We'll continue, at the same time, our very close consultations on INF issues with our friends and allies in Europe and Asia. It was, after all, allied firmness and unity in carrying out NATO's 1979 decision which helped to bring the Soviet Union back to the negotiating table and led to this opportunity to achieve a reductions agreement to the mutual benefit of both East and West. And as we proceed, it is well to remember that nothing is more important to the cause of peace than the credibility of our commitment to NATO and our allies and to the vitality of these alliances of free nations.

U.S. DELEGATION STATEMENT, MAR. 12, 1987

On March 12, the United States tabled at the negotiations on intermediate-range nuclear forces in Geneva a treaty article providing for on-site inspection. This treaty provision was developed in close consultation among NATO allies.

With this article, the United States has completed tabling its draft INF treaty, the other parts of which the United States put forward on March 4.

The United States looks forward to working out with the Soviet Union in Geneva an effective verification regime,

including on-site inspection, as an essential part of a sound and durable INF treaty.

¹Made to reporters assembled in the Briefing Room at the White House (Weekly Compilation of Presidential Documents of Mar. 9, 1987). ■

President Meets With Arms Negotiators

PRESIDENT'S STATEMENT, MAR. 6, 1987¹

I have just met with Ambassadors Kampelman, Glitman, and Lehman to hear their report on the nuclear and space arms talks in Geneva. The level, intensity, and seriousness of the effort in Geneva have brought us closer to significant reductions in nuclear arms.

As you know, the Soviet Union has recently offered to move ahead with an agreement to cut longer range intermediate-range nuclear force (INF) missiles. This is something the United States and our allies have long urged. This week, at my direction, the American delegation in Geneva proposed a draft treaty incorporating the understandings which General Secretary Gorbachev and I reached on this subject at Reykjavik. Because of the opportunities for progress that are opening up, I have asked Ambassador Glitman to return to Geneva immediately. He and his team will continue working hard to

remove the remaining obstacles to an INF agreement. I hope this will in turn spur progress in other aspects of the Geneva negotiations, particularly agreement on deep reductions in strategic nuclear arms.

I am determined to maintain the momentum we have generated. For that reason, Secretary of State Shultz will go to Moscow to meet with Foreign Minister Shevardnadze. The Soviet Government has agreed that this visit will take place from April 13 to 16. These talks will provide a good opportunity to review the entirety of our relationship, including regional conflicts, human rights, and bilateral issues and to consolidate the progress we have made. Most important, I hope these discussions will result in recommendations to General Secretary Gorbachev and me on further steps we might take to move forward in all aspects of our relations, including the Geneva negotiations.

¹Text from Weekly Compilation of Presidential Documents of Mar. 9, 1987. ■



White House photo by Mary Anne Fackelman-Miner

The President at a luncheon meeting on March 6, 1987, with (left to right) Ambassador Maynard W. Glitman, U.S. negotiator at the INF talks; Ambassador Max M. Kampelman, head of the U.S. delegation to the nuclear and space arms negotiations and U.S. negotiator at the defense and space talks; Ambassador Ronald F. Lehman II, U.S. negotiator at the START talks; and White House Chief of Staff Howard Baker

Nuclear and Space Arms Talks Close Round Seven

Following is a statement by Ambassador Max. M. Kampelman, head of the U.S. delegation to the nuclear and space arms negotiations, in Geneva on March 6, 1987.

Today marks the end of the seventh round of our talks. The American delegation believes this has been a useful and productive round. We have made solid progress in recording, on paper, our areas of agreement and disagreement in all three negotiating groups, a step which the United States first proposed at the Vienna meeting of Secretary Shultz and Foreign Minister Shevardnadze in early November. The process has succeeded in clarifying our differences where they continue to exist, and we believe this to be indispensable for achieving the final agreement we seek.

On Wednesday [March 4], the United States submitted a formal INF [intermediate-range nuclear forces] treaty in an effort to expedite constructive movement toward agreement on the reductions and ultimate elimination of intermediate-range nuclear weapons. This comprehensive document represents the work of many months and reflects our view that there are good prospects for reaching agreement in INF.

One obstacle, among others, to reaching such an agreement has been Soviet insistence since Reykjavik on linking INF to progress in the other two negotiating groups. We are pleased, therefore, that the Soviet Union in recent days has removed this obstacle and withdrawn its objections to negotiating and implementing an independent INF agreement separately and on its own merits. In view of recent developments, the INF negotiating group will continue to meet for an additional period.

It is the intention of the United States to push forward in the START [strategic arms reduction talks] and in the defense and space negotiating groups. In our quest for reductions in strategic nuclear arms, substantial progress has been made, and we would like to formalize agreement for 50% reductions. We also seek agreement on exploring a stable transition from an offensive dominant military force structure, which

now characterizes the military structure of our two countries, to one in which greater emphasis is placed on finding effective defenses.

The eighth round is now scheduled to resume on April 12, 1987. ■

INF Extended Session Ends

Following are statements by Ambassador Maynard W. Glitman, U.S. negotiator at the intermediate-range nuclear forces (INF) talks, made in Geneva on March 26, 1987, and by President Reagan on March 27.

AMBASSADOR GLITMAN'S STATEMENT

The extended session of the U.S.-Soviet INF negotiations concluded today, March 26, 1987. It has been agreed that the negotiations on nuclear and space arms will resume on April 23, 1987. Accordingly the INF negotiating group will resume its work on that date. It is, of course, understood that this date could be adjusted at the upcoming U.S.-Soviet meeting of foreign ministers in Moscow.

The extended session just concluded has been useful and constructive in many areas. The United States completed the explanation of its draft treaty tabled on March 4 which provides for the reduction of longer range INF missile warheads to 100 globally, with zero in Europe, as agreed by the United States and Soviet leaders at Reykjavik.

The U.S. side repeated its longstanding position that there must be equally global constraints on shorter-range INF missile systems as an integral part of this INF treaty to ensure its viability and effectiveness.

Finally during this session, the United States also amplified its comprehensive and effective verification regime tabled as part of the treaty, including provisions for on-site inspection.

While the United States believes that useful progress has been made in this round, difficult issues remain before us. Substantive issues need to be resolved, and detailed work needs to be done in all areas which should be covered by an INF treaty. For its part, the United States has already placed a detailed and comprehensive draft treaty on the negotiating table. The United

States will return to the negotiations in April prepared to engage in intensive work toward the earliest possible conclusion of a sound and durable INF treaty.

PRESIDENT'S STATEMENT¹

Yesterday marked the close of the special extended session of negotiations between the United States and the Soviet Union on intermediate-range nuclear forces, a part of the nuclear and space arms talks in Geneva. We extended this session beyond the March 6 closure of the other NST negotiating groups in order to make further progress toward our long-held goal of deep, equitable, and effectively verifiable reductions in U.S. and Soviet longer range INF (LRINF) missiles, with the ultimate objective of their complete global elimination.

On March 4, at my direction, our U.S. negotiators tabled a draft INF treaty text which follows the formula that General Secretary Gorbachev and I agreed upon at our meeting in Iceland in October 1986. We have now presented and explained in detail to the Soviets our draft treaty text, which calls for reductions to an interim global ceiling of 100 warheads each on U.S. and Soviet longer range INF missiles, with none in Europe, along with constraints on shorter range INF (SRINF) missiles and provisions for effective verification.

U.S. and Soviet negotiators have established working groups to facilitate discussion of the draft treaty which we put forward, and they are working to develop a joint text. These discussions with the Soviets have been businesslike and productive.

I want to emphasize that our position on these negotiations is based on very close consultations with our friends and allies in Europe and Asia, whose security is most directly affected by the Soviet INF buildup. Our allies, moreover, made substantial contributions to our proposals.

We and our allies have made clear to the Soviets that an INF agreement must be effectively verifiable. As I have pointed out previously, of the issues remaining to be resolved, none is more important than verification. Our draft treaty text, therefore, includes a comprehensive verification regime to ensure compliance with the treaty.

We have three key objectives in seeking such verification provisions:

- To enhance confidence in the agreement, which in itself will contribute

to greater security and stability in Europe and Asia;

- To deter violations by increasing the risk of detection; and
- To permit quick detection of any troublesome activities, thereby providing timely warning of a potential or real threat to allied security.

On-site inspection will be an important element of any effective verification regime. Such inspections will assist in verifying the initial exchange of data on INF systems and the subsequent destruction, dismantlement, and conversion of LRINF systems and will play an important role in ensuring continued compliance with treaty limitations.

Another key provision of our draft text concerns SRINF missiles. We and our allies have made clear since 1981 that constraints on SRINF are essential in an initial INF agreement so that the Soviet Union cannot undercut LRINF limitations through a buildup in SRINF missiles. These constraints, therefore, must provide the United States with a right to equality with the global level of deployed Soviet SRINF systems.

At Reykjavik, General Secretary Gorbachev and I reaffirmed the important principle agreed by our negotiators during the INF negotiations of 1981-83; namely, that an interim INF agreement must include constraints on SRINF systems in order to "ensure the viability and effectiveness of an agreement on longer range missiles." In recent weeks, however, the Soviets have backtracked from this position and are now saying that the question of shorter range INF missiles should be taken out of the current INF negotiations and be dealt with instead in separate negotiations.

This new Soviet position on shorter range missiles would allow the Soviet Union a continued monopoly of these systems and would leave them free to increase their existing force. This clearly is not acceptable to us or our allies.

The crucial issue now is whether the Soviet Union is prepared to accept equal constraints on SRINF missiles in the context of an initial INF agreement or whether it will insist on maintaining superiority over us in this important area and, with this superiority, the ability to undercut any INF agreement. Since the United States obviously cannot permit such an outcome, we will continue to insist that equal constraints on shorter range INF missiles must be an integral element of an initial INF treaty.

I remain fully committed to achieving an equitable and verifiable INF reductions agreement. For this reason, I welcomed Mr. Gorbachev's recent state-

ment on INF, which removed an obstacle to progress that the Soviets had imposed at Reykjavik. The United States then put forth a comprehensive, realistic draft treaty for Soviet consideration. Now is the time, therefore, for the Soviet Union to live up to its previous commitments on INF and to come to terms on an equitable agreement.

Finally, let me say a word about the strength and unity of our alliances. It was, above all, NATO's cohesion in carrying out its 1979 "two-track" decision on INF that helped to bring the Soviets back to the negotiating table and persuaded them to negotiate seriously. Our own commitment to the security of our friends and allies in both Europe and Asia, all of whom have been threatened by Soviet INF missile deployments,

remains as strong as ever. We will continue to work closely with them as we seek Soviet agreement to equitable and verifiable INF reductions.

The United States and the Soviet Union have agreed to begin round eight of the NST negotiations on April 23. Thus, the INF negotiating group, along with the strategic arms and defense and space negotiating groups, will resume their work on that date. The United States and the Soviet Union have agreed at the same time, however, that this date could be adjusted when Secretary Shultz and Soviet Foreign Minister Shevardnadze meet in Moscow on April 13-15 to discuss these and other issues on the broad U.S.-Soviet agenda.

¹Text from Weekly Compilation of Presidential Documents of Mar. 30, 1987. ■

Arms Control and Openness

by Kenneth L. Adelman

Address before the Conference on Disarmament (CD) in Geneva on February 5, 1987. Mr. Adelman is Director of the U.S. Arms Control and Disarmament Agency.

Two years ago, when I first addressed the Conference on Disarmament, Donald Lowitz [U.S. Representative to the CD] sat by my side here; he was serving as your president that month. Since then, you have had the good fortune to know Don as I've known him for my adult life: a warm and wonderful person, who served his country whenever called upon—and who believed in this conference and its goals and who believed in all of you. You saw this side of Don. I had seen him as a marvelous husband to Shana—herself such a perfect embodiment of what's fresh and caring about America—as a fabulous father to Amy, Teddy, and Josh and a loving grandfather to David. How they will all miss him. How we will all miss him.

I understand that you have already heard President Reagan's tribute to Don. Let us, as the President said, pursue the goals Don pursued and, by so doing, give living monument to his work here. I would like now to convey to you the President's greetings at the opening of this session.

As the Conference on Disarmament resumes its work in 1987, I would like to extend my wishes for a productive session. Although the opening of the conference has been shadowed by the sad and untimely loss of our Ambassador, Donald Lowitz, I am

certain we can join together in making progress in this forum as a fitting testimonial to his memory.

Your work constitutes an important and integral part of efforts undertaken by the international community to make our world more peaceful. The issues with which you deal are complementary to those being addressed bilaterally between the United States and the Soviet Union. The promise of Reykjavik, which has given us the vision of a world with significantly reduced levels of nuclear weapons, has become an indicator of what is possible. It inevitably draws attention to the issues on your agenda and should encourage you in your efforts to increase international stability and cooperation.

One of the most important tasks facing you is the working out of a comprehensive, effectively verifiable ban on chemical weapons. This task is made even more difficult by the fact that capabilities for chemical warfare are increasing and that, contrary to international agreement, chemical weapons are being used in various parts of the world. You have a heavy responsibility. For as you consider the provisions of a treaty, you must make sure that a global ban will, in fact, eliminate the capability for chemical weapons to be used against future generations. An effective convention will require an unprecedented degree of openness on the part of all states.

I reaffirm the commitment made by the United States in 1984 when we tabled our draft treaty banning chemical weapons worldwide. The United States delegation will make every effort to work for the total elimination of these terrible weapons and for the verification provisions necessary to ensure that they never again enter the arsenals of the world's armies.

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Your efforts in this and in other fields are to be commended. We are committed to working with you in the vital task of bringing stability to a still insecure world and in achieving responsible solutions to the problem of reducing the world's arms.

Shift in the Arms Control Agenda

In the 2 years since I last spoke to this forum, the world has witnessed some dramatic developments in arms control. I would single out especially the remarkable meeting between President Reagan and General Secretary Gorbachev in Reykjavik last October. From the U.S. perspective, Reykjavik marked a historic turning point in our arms control dialogue with the Soviet Union. Why? Because for the first time, we engaged the Soviet Union in serious negotiations—not just public initiatives but serious, hands-on negotiations—on the subject of deep reductions in offensive nuclear arms.

This is a goal that President Reagan has been striving for since he first proposed the “zero-zero” option for intermediate-range nuclear forces (INF) and deep strategic arms reductions in 1981 and 1982. At that time, you may remember, there were many people in our own country and elsewhere who argued that such ambitious arms reduction proposals had no real place in the arms control dialogue. Many claimed that these deep-cuts proposals were too far-reaching and could never be the basis for productive negotiations with the Soviet Union. And when the Soviet Union walked out of the arms talks at the end of 1983—totally unjustifiably, I might add—many of these same critics reiterated their arguments, believing that events had vindicated their views.

But President Reagan persisted. And his persistence has paid off in a real shift in the arms control agenda. Now, at last, the two sides are talking in nuclear arms control about agreements that, if signed—and if complied with fully—would effect real and deep reductions in offensive nuclear arsenals, particularly in the most destabilizing systems. No more are we looking at arrangements like the SALT [strategic arms limitation talks] accords of the 1970s, which permitted vast growth in the arsenals of both sides—a fourfold increase in the number of Soviet strategic nuclear weapons, (i.e., strategic ballistic missile warheads and bomber weapons)—since SALT I was signed in 1972. Thanks to President Reagan's persistence, the agenda in nuclear arms control is now, irreversibly, deep offensive weapons cuts.

The Need for Openness

There is another development to which I would call your attention—a development that has occurred outside the field of arms control proper but which, if it were to come to pass, could have potentially broad ramifications for arms control and even for the deliberations of this forum. That is the increasing discussion of “openness,” of *glasnost*, in the Soviet Union. Indeed, First Deputy Foreign Minister Vorontsov addressed it here 2 days ago. It is not clear yet where this focus on openness might lead. It is not clear yet what *glasnost* is to mean or if openness in the Soviet context will be genuine openness by the standards of truly open societies. Experience warns us to temper hope with skepticism.

But we can speak conditionally. We can express hope. We can say that if this *glasnost*, this development, were ever to come to real fruition, we could very well find ourselves standing on the threshold of a new era for the cause of arms control and disarmament. For openness and arms control go together, on two levels.

First, there is a clear connection between openness and international trust, between peace and the open society. Andrey Sakharov, that great world hero and a Soviet hero, has spoken of “the indissoluble bond between international security and trust on the one hand and respect for human rights and an open society on the other.” Societies that respect the rights of their citizens, that respect freedom of speech, freedom of religion, freedom of the press, freedom to travel and to emigrate, freedom of assembly—that defend the rights of individuals to criticize their leaders and to vote them in and out of office—such societies also keep their international treaty commitments. Such societies can be expected to behave in a fashion that promotes world peace. Such societies do not crave new territory. Such societies do not menace their neighbors. Conversely, as President Reagan said not long ago, “. . . a government that will break faith with its own people cannot be trusted to keep faith with foreign powers.”

Second, there is a direct, practical link between openness and progress in arms control. That link lies in the problem of verification. Verification has always defined the outer frontier of what we can achieve in arms control. We can control effectively only what we can effectively verify. But verification is often directly limited, in turn, by the degree of openness permitted by the states that subscribe to an arms control agreement.

In open societies like the United States, relevant information on defense programs is readily available. That is why, when dealing with open, democratic societies, one would not have to rely exclusively on so-called national technical means of verification or elaborate verification mechanisms to verify arms agreements. I have often said that the Soviet Union could tell if we ever were engaged in violating arms agreements simply by subscribing to half-a-dozen publications—*The New York Times*, *The Washington Post*, *Aviation Week*, and a handful of others.

That is one reason why the United States has called for greater openness in all nations. Since 1982, the United States has consistently pressed for resolutions on disarmament and openness in the UN General Assembly. In 1982, our resolution on disarmament and openness was adopted by the General Assembly. It explicitly stated the connection between advancing disarmament on the one hand, and openness, free discussion, and free dissemination of information in all nations, on the other. It encouraged all nations to advance the cause of openness as a way of advancing the cause of disarmament and arms control.

And that is my message to you today: the path to more ambitious arms control, in all areas, lies through the gate of greater openness. To quote Dr. Sakharov, the issue here “is not simply a moral one, but also a paramount, practical ingredient of international trust and security.”

The world is still very far from achieving this kind of openness, which is one reason why arms control remains a very difficult, very painstaking business. Take an issue as rudimentary as published figures on defense spending. In 1985, according to our best estimates, the United States and the Soviet Union each devoted the equivalent of approximately \$250 billion to defenses. Figures on U.S. defense spending are, of course, widely available in open sources. They are broken down by category. They are extensively discussed and scrutinized in the U.S. Congress and elsewhere. Figures for Soviet defense spending, on the other hand, must be derived from careful analysis. Why? Because published Soviet figures bear no relation to the reality of the Soviet defense effort.

The Soviet Union claims to have spent 20.3 billion rubles on defense in 1985. Assuming the official exchange rate of approximately \$1.50 per ruble, that comes to about \$35 billion. Now, that is a ridiculously small sum for the

declared defense budget of a state regarded as a military superpower. It bears no relation to the \$250-billion figure I mentioned a moment ago, which suggests what it would cost the United States to mount an effort equivalent to the present Soviet defense effort. There is no way in the world that the Soviet Union could be mounting its current defense effort on its declared budget of 20.3 billion rubles. It is spending many times that.

Or again, take the public statements of the two sides on the issue of strategic defenses. The U.S. Strategic Defense Initiative (SDI) is an openly declared program. Its budget is published and voted on by the U.S. Congress. Its activities are reported to the Congress, where it is widely discussed and debated. The President of the United States often discusses this program in his speeches.

Yet to this day, even as we negotiate on defense and space issues with the Soviet Union, the Soviet Union continues to deny that it has the equivalent of an SDI program. We know this denial to be false. We know that it began investigating several advanced strategic defense technologies before we did. We know it is extensively engaged in exploration and development of these technologies. We know, for example, that the Soviet Union has an extensive laser research program involving about 10,000 scientists and expenditure of resources worth approximately \$1 billion a year. And it is researching a host of other technologies as well.

Can it surprise anyone that our progress in arms control is often slow and halting when there is a lack of openness and honesty between governments about even such elementary facts as this?

Comprehensive Ban on Chemical Weapons

There is, in short, almost no area of arms control in which greater openness would not open the way to greater progress. In some of these areas, lack of openness is among the most crucial barriers to meaningful agreement. Thus, unless the Soviet Union moves to the openness it now talks about, accomplishments are limited, if not thwarted altogether. That movement is necessary for progress on an issue before this conference now.

Of the tasks before you, my government considers the negotiations on achieving a comprehensive and effectively verifiable global ban on chemical weapons to have the highest priority. International negotiators have been

striving to remove the chemical weapons threat since the late 19th century. Here it is 1987. Nearly a century has passed since the Hague conference prohibited use of chemical projectiles in 1899. Yet the problem of chemical weapons remains. Indeed, as the world edges toward the 21st century, the chemical weapons danger continues to grow. Shockingly, we have witnessed use of chemical weapons by some nations in this decade and even during the past year.

It is high time that chemical weapons use be rendered a thing of the past. It is high time that these barbaric weapons were banished from the face of the Earth. But it is obvious that if these weapons are to be banned, a thorough and effective mechanism of verification is necessary. My country will not accept, and no free nation should accept, a ban without sound machinery of verification.

A chemical weapons ban without confidence of compliance will be no more effective than the Hague conference's 1899 prohibition on use of artillery containing poison gas, which did nothing to prevent extensive use of chemical weapons in the First World War. It will be no better than so many of the misguided disarmament measures of the 1920s and 1930s, which, in Walter Lippman's famous formulation, were

"tragically successful in disarming the nations that believed in disarmament" while permitting aggressor nations to maintain and expand their arsenals. Until an effectively verifiable chemical weapons ban is in place, the American people will insist, rightly, that the United States maintain adequate chemical forces to deter use of these heinous weapons by an aggressor.

While the establishment of procedures for the effective verification of arms control agreements is often extremely demanding, both technologically and politically, in the case of chemical weapons the challenges are especially great.

The toxic chemicals which are or could be used as agents of warfare are, in general, not very different from a variety of substances having legitimate civilian use. Similarly, the chemical process equipment used in their production can be found in the legitimate manufacture of pesticides or corrosives. Chemical agents can be stored in bulk, facilitating transportation as well as concealment. Chemical munitions have no particular characteristics which distinguish them from other types of munitions. They, too, are small and easily transported and concealed.

Thus, as I mentioned before, the issue of openness goes to the heart of

Soviet Nuclear Test Vents Radioactive Debris

The first announced Soviet test in their resumed nuclear explosion test program occurred on 26 February 1987 (GMT). This test was accomplished by a release of radioactive nuclear material that was detected outside Soviet territory.

The 1963 Limited Test Ban Treaty (LTBT) prohibits nuclear explosions that cause "radioactive debris to be present outside the territorial limits of the State under whose jurisdiction or control" the explosions were conducted.

Since the LTBT came into force over 20 years ago, the Soviet Union's underground nuclear test practices have resulted in the venting of radioactive matter on numerous occasions and have caused radioactive matter to be present outside the Soviet Union's territorial limits in violation of its legal obligations under the Threshold Test Ban Treaty (TTBT). The debris from these Soviet

tests does not pose calculable health, safety, or environmental risks, and these infractions have no apparent military significance. However, our repeated attempts to discuss these occurrences with Soviet authorities have been continually rebuffed.

The U.S. Government views with concern the recent Soviet venting of nuclear material and has called on the Soviets to bring its testing practices into full conformity with the LTBT.

As the United States proceeds with its efforts to strengthen the existing Threshold Test Ban and Peaceful Nuclear Explosion Treaties, particularly in the area of verification, we regret the Soviet Union's initiation of its new testing program with a test that once again calls into question their commitment to their treaty obligations.

ACDA press release of Mar. 12, 1987. ■

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achieving a chemical weapons ban. Article III of the rolling text of the draft convention on chemical weapons requires each state party to declare whether it possesses chemical weapons. And yet, today, the United States is the only country in this room, or in the world, that publicly admits to having chemical weapons and has made public its stockpile locations. That, to me, is astonishing—especially when so many countries are pressing the urgency of a chemical weapons ban. Some are even criticizing the United States for developing chemical weapons.

The production of chemical weapons is not illegal. The use of chemical weapons *is* illegal. Since it signed the 1925 Geneva protocol, the United States has never used chemical weapons; others have—others who don't even publicly admit to possessing chemical weapons; others with representatives in this very room. The world expects better than this.

The United States openly declares its possession and development of chemical weapons. The Soviet Union, along with other nations, does not. The world expects better than this.

The United States has presented publicly an extraordinary amount of information concerning its binary weapons program. The details are known to everyone. The Soviet Union has told us nothing about its chemical weapons program. The world expects better than this.

The United States invited all members of this body to Tooele, Utah, to examine procedures for the destruction of chemical weapons. The Soviet Union has yet to accept the invitation. The world expects better than this.

The United States will devote some \$500 million under the fiscal year 1987 defense budget to the elimination of its current chemical munitions stocks. The Soviet Union, apparently, has no similar chemical weapons elimination or demilitarization program. The world expects better than this.

The United States maintained a unilateral moratorium on the development of chemical weapons for 17 years. The Soviet Union has never ceased producing chemical weapons and continues today to expand its facilities and capabilities. The world expects better than this.

Compliance Concerns

It is because of this state of affairs, because of this glaring lack of openness in the realm of chemical weapons, that

we are more than ever convinced that confidence in compliance is essential to any chemical weapons ban. We are convinced that nothing less than an inspection regime institutionalizing the right of short-notice access, upon demand, to any location or facility suspected of producing or storing chemical weapons will effectively deter noncompliance—the challenge-inspection provisions of article X of the U.S. draft conventions.

But every article of the convention must be designed to contribute to this overall objective of confidence in compliance. And to be effective, each provision must be clearly and unambiguously defined, written, and understood. It will do little good to have broad agreement on the basic provisions if inspection procedures are inadequate or imprecise.

At present, it is a point of consensus among all our governments that each state party will provide international access to its destruction sites, to its production facilities to be eliminated, and to its facilities for producing permitted chemicals. But working out precise procedures for all these tasks was only just begun by Ambassador Lowitz and his delegation. And the vital question of how to ensure confidence in compliance with regard to undeclared sites still remains at issue.

But, again and again, wherever we turn in this negotiation, it is precisely the absence of openness, the absence of *glasnost*, that is standing in the way of further progress. In the draft convention, I count no less than 13 different types of declarations that each state party will be expected to make about its stockpiles and their destruction, about its chemical weapons production facilities and their elimination, and about its chemical industry.

Article IV is a key element in this series of declarations—calling for the declaration of all stockpiles. Everyone agrees that each state party should declare the amount and composition of its stockpile. Everyone agrees with the basic objective that the complete stockpile should be destroyed. And yet, the Soviet Union continues to reject two particular “openness” provisions which are necessary if we are to have confidence that this objective is fulfilled. One is the early and complete declaration of the stockpile locations and onsite verification to ensure that the declaration reflects reality. The second is onsite monitoring of the stocks until destruction to ensure that some weapons are not clandestinely diverted to undeclared sites before destruction. And it is obvious that we face the serious risk that

a state will not declare all its stockpile locations or the entire amount of its stockpile.

The consequences of lack of openness in this realm are unfortunate and are not lost on world public opinion. I think the 1983 yearbook of the Stockholm International Peace Research Institute identified the problem—and the solution—as well as anyone.

Faced with a high degree of uncertainty about Soviet CW intentions, Western defence authorities have no prudent option but to assume that they present a threat. If it decided to do so, the Soviet government could probably find a way for reducing the ambiguities attaching to its CW stance in Western (and non-aligned country) eyes without at the same time jeopardizing Soviet security to the point of net detriment. Yet even though the need for such mistrust-reducing measures is so evidently growing, it seems that Moscow has not chosen to act in such a manner, a failure which is becoming more and more conspicuous and damaging.

Clearly, there is a gap between the way certain states conduct business today and the way they promise they will behave under a convention banning chemical weapons. And it is simply not possible for a nation to yield national control over its own defense to an international agreement—as we will be asked to do when we have a convention ready for signature—on the basis of a mere promise of a new and better pattern of behavior by other states.

The Soviet Union says it is interested in real openness. But will its deeds in this forum match its words? We hope so. We hope to see signs of real *glasnost*, here in this forum, in the coming weeks and months.

I believe that a turn to real *glasnost* could transform our discussion and sweep away a host of difficulties. I believe it could remove the barriers that some have attempted to erect to the inspection procedures absolutely essential to make a chemical weapons ban worth the paper it is printed on. Genuine openness, real *glasnost*, were it to emerge in the Soviet Union and in the Soviet Union's dealings with the rest of the world—nothing could be more welcome to Americans. Nothing would do more to make possible progress in the relationship between our two governments. Nothing would so improve the prospects not only for real advances in arms control but for the entire cause of world peace. Nothing would be a better tribute to your dedicated and important work. Nothing would be a better monument to Donald Lowitz's work and life. ■

Underfunding and Undermining Our Foreign Policy Infrastructure

by Ronald I. Spiers

Statement before the Subcommittee on International Operations of the House Foreign Affairs Committee on February 26, 1987, and excerpts from a statement before the Subcommittee on Commerce, Justice, State, and Judiciary of the House Appropriations Committee on March 4, 1987. Ambassador Spiers is Under Secretary for Management.¹

FEBRUARY 26, 1987

I am here today to discuss the President's authorization request for the Department of State.

In 1987, the President's budget request for State Department operations was cut by \$1.3 billion; the effect of this cut has been further exacerbated by overseas inflation and exchange-rate losses, which have reduced our purchasing power by another \$55-\$60 million.

The Department of State, which is the oldest and clearly one of the most important departments of the government, is also one of the smallest. The cost of the State Department's operations at home and abroad amounts to only four-tenths of 1% of the Federal budget. The cost of a single Trident submarine could pay the salaries and expenses for all State Department operations, including our more than 250 posts overseas, for a year, leaving some over to help us enhance our much-needed security programs.

As it stands now, these deep cuts in our budget are severely damaging State's foreign policy infrastructure; they will force us to renege on treaty obligations to international organizations and leave us no choice but to defer into the indefinite future security programs to protect our people and facilities abroad from international terrorism.

Even before the latest fiscal blows, we were making plans to reduce our overseas personnel by about 4%. We are hiring fewer people this year. Many vacancies simply will not be filled. We are also facing as much as a 7% cut, through attrition, in personnel domestically.

To date, we have hauled down the flag at seven of our consulates overseas. We are now in the process of closing seven more posts. Our overseas posts are the capillaries of our diplomatic system; they enhance our ability to

gather information, to expand our contacts and influence, and to provide service to American businesses and our citizens abroad.

In addition, this year we will not be able to fund fully our language programs at posts overseas—and this at a time when it is important to improve our officers' language capabilities. This year, we've had to postpone urgent security construction projects in Ankara, Berlin, Rabat, and Brussels. We've had to cut our plans for high-speed telecommunications circuits by half and cancel 85% of our planned replacements of emergency radio systems worldwide.

We have requested a fiscal year (FY) 1987 supplemental of \$119 million to help us carry out our most critical programs over the next year until FY 1988. These funds, if approved, would help us ensure that the basic foreign policy infrastructure is maintained in the State Department.

We are all concerned that funding at the levels currently in prospect will translate into a serious weakening of the Department of State, our nation's institutional arm for conduct of foreign policy. Unfortunately, rather than determining foreign policy goals and objectives that are best for the people of the United States and providing the financing necessary to achieve these goals, we are letting resources constrict our foreign policy.

If we are to continue our role as a world power, we must be prepared to fund a foreign affairs policy and program budget of the size and dimension to support it.

For FY 1988, the Department is requesting authorizations for appropriations totaling \$3,609,768,000. This represents an increase of \$541,831,000 above our FY 1987 funding level, assuming, as we must, approval of supplemental appropriations. In this bill, as submitted by the Administration, we are requesting current authorization of \$3,104,099,000. In addition, we plan to utilize permanent authorization totaling \$85,958,000 for payment to the Foreign Service Retirement Fund; \$416,911,000 of the \$417,962,000 authorized by the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986; \$1 million for the Fishermen's Protective Fund and \$1.8 million for the Fishermen's Guarantee Fund authorized by the Fishermen's Activities Authorization Act of 1986.

For FY 1989, we are requesting authorizations for "such sums as may be necessary."

We are keenly aware of the part we must play in the President's and Congress' efforts to reduce the Federal budget deficit. We are presenting an austere budget that continues our initiatives in the security and substantive reporting areas but absorbs reductions in crucial administrative support areas.

Fiscal Year 1988 Authorization

The 1988 budget request covers four categories of appropriations as follows:

First, we request \$2,737,141,000 for the administration of foreign affairs—to cover the Department's basic diplomatic and consular functions, salaries, operating expenses, allowances, overseas building construction and maintenance, and diplomatic security.

Our request is a \$520.4-million net increase from the FY 1987 level and has the following components:

- \$250 million for salaries and expenses, \$51.8 million of which is for the implementation of the new Federal Employees Retirement System; \$62.7 million for wage and price inflation; and \$104.7 million for the diplomatic security program;
- \$310 million for buildings program, of which \$211 million is for the diplomatic security program; and
- Savings of \$41.4 million, reflecting a reduction in the Foreign Service Retirement and Disability Fund.

Second, in the category of international organizations and conferences, the Department requests \$506 million to cover assessed contributions to international organizations of which the United States is a member, contributions for UN peacekeeping activities, and American participation in multilateral international conferences.

Third, under the heading of international commissions, \$32,706,000 is requested to meet our treaty commitments under boundary agreements with Canada and Mexico—and to cover our share of expenses as a member of 11 international fisheries commissions.

Finally, in the "Other Appropriations" category, we are requesting \$333,921,000. The largest part of this category will provide assistance to migrants and refugees through contributions to a variety of international organizations and voluntary organizations including the Intergovernmental Committee for Migration, the UN High Commissioner for Refugees, and the UN Relief and Works Agency. Also included

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in this category are resources for bilateral science and technology agreements with Yugoslavia, the Asia Foundation, and the Soviet-East European Research Training Fund.

Technical Provisions in FY 1988-89 Authorization Bill

In addition to our request for authorization of appropriations, our draft bill this year contains several additional sections, largely of a technical nature. Among the more important are proposals to:

- Provide a statutory pay basis for the Directors of International Telecommunications Policy and the Office of Foreign Missions, reflecting their status as presidential appointees, and adjust pay levels for ambassadors at large;
- Modify the authority provided by the Foreign Service Act for use of limited appointments for specific purposes such as consular agents;
- Provide certain benefits, comparable to those provided to CIA [Central Intelligence Agency] former spouses last year, for former spouses of members of the Foreign Service not now eligible for them because their divorces occurred prior to February 1981; and
- Provide certain insurance authority for the Diplomatic Reception Rooms and for liability coverage related to official activities abroad.

The subcommittee has been provided with the full text and explanation of these and the remainder of the amendments. With your permission, I ask that a short summary of them, which we have prepared, be inserted in the record.

Effects of Proposed Cuts

We have suffered severe cuts in funding to support the foreign affairs infrastructure. These cuts have been compounded by the effects of fluctuations in exchange rates, differing rates of inflation between the United States and the countries in which we maintain missions, and continuing need for expenditures to enhance the security of our posts and personnel abroad. These factors in combination have led to a weakening of our foreign affairs infrastructure. The toll is great since discretionary spending is only a small portion of the total foreign operations budget. But when we were forced to make cuts, they had to be made in "discretionary" areas. These turn out to be areas where cuts undermine the ability of the foreign affairs establishment to function as it was intended; for example, in travel for consultation and investigation and in language training. This has resulted in

closed posts, elimination of positions, reduction of intake into the Foreign Service, and deferral of needed maintenance projects. The damage will be even worse in years to come.

What does this mean in the real world? It means that the political officer seeking to understand developments in a major European country can no longer attend a political party convention, thereby reducing his contacts with practicing politicians. Those contacts are the bread and butter of his job. Not only does he glean from them information about political developments, he also uses them as an opportunity to seek support for U.S. policies. Such contacts are also, by their very nature, a demonstration of the U.S. commitment to work cooperatively with other countries. The cuts also mean that the young officer, who should be continuously enhancing his knowledge of foreign languages and cultures, will not be given the opportunity to achieve language fluency and, thus, a greater degree of understanding of the nation in which he finds himself. It means that developments which initially could seem minor, but which may grow to be of major importance to the United States, are more likely to be missed.

Similarly, there is the economic or commercial officer who, because of travel restraints, is not able to carry out our program of export promotion. How many trade opportunities will be missed? How many chances to establish agency or licensing relationships for American firms? What opportunities to bid on major government projects go unreported? What are the costs of these missed opportunities in terms of reduction of our trade deficit and jobs in the export sector of manufacturing and agriculture?

And what of U.S. citizens abroad who depend on the foreign affairs infrastructure as their lifeline to America? What happens to the American in prison when his only tie to home—a visit by a U.S. consular officer—is no longer possible because there are no funds? What happens when, because of cuts, the staff of a consular section must delay processing a passport or registering a birth abroad? What happens to American tourism and the dollars it provides for our economy if visas can no longer be issued expeditiously? What happens when checks of visa applicants are not as thorough as they should be in today's troubled world?

These are illustrative of the problems we face if we permit our dedicated, career foreign affairs infrastructure to atrophy. Obviously, the men and women of the foreign affairs agencies will do the best job possible, whatever the resource

constraints, but it will not be the job we have come to expect. We have put forward a budget which is exceptionally lean. Even with full funding, given international economic realities, further reductions of posts and personnel abroad may be inevitable. Reductions in that proposed funding by the Congress can only make conditions worse.

At stake is our ability as a nation to understand and influence the world we live in. It is in no one's interest to make the State Department primarily a support mechanism for other Federal agencies, thereby weakening the agency which coordinates and takes into account all U.S. Government activities abroad and all interests of the United States. We cannot cut away personnel and positions and reduce training and the tools necessary to perform diplomatic functions and still retain the corps of qualified and experienced people needed to carry out the diplomacy of the United States. We risk having other nations interpret our cutbacks as a sign of the withdrawal of the United States from an active, global role.

Security and Construction Programs

Let me turn to some specifics. My purpose here is to move from the broad level to more focused ones by inviting your attention to some of our most prominent—and controversial—programs. While we fully understand the dilemma the Congress faces under current budgeting limitations, I think it is my responsibility to try to drive home some realities of our efforts abroad, which are currently in serious jeopardy.

Diplomatic Security. Let me begin with a brief discussion on the issue of the security of our installations and personnel abroad, since this will be covered more comprehensively in a later session.

Last summer, the Congress passed and the President signed the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986. This landmark legislation, which resulted from careful crafting by the Congress, gave us a major start on the authority and resources necessary to implement the recommendations of the Advisory Panel on Overseas Security chaired by Adm. Bobby Inman.

This legislation authorized \$2.4 billion to launch a worldwide diplomatic security effort. Consequently, we have begun a multiyear program to replace and upgrade facilities at our most vulnerable posts overseas. The Inman panel found that buildings at 134 of our 263 posts were substantially below minimum security standards. This led to our joint commitment to begin the most extensive construction program in the

Department's history. To complement that, we also have upgraded security at many of our most threatened posts. We have installed specially designed walls and gates at 74 posts where they were especially necessary and have made major security improvements at 107 other posts. And we have initiated steps to strengthen our ability to defend against the increasingly sophisticated efforts of hostile intelligence agencies.

While the embassies themselves continue to be the principal targets of the terrorist, we are also highly concerned with the safety of Americans abroad outside the workplace. We are attacking this problem in two ways.

First, since the personal security of our employees and their families depends, in large measure, on defensive skills, we are expanding our security awareness training for employees and their dependents. During the past year, our security experts also have visited 30 critical and high-threat posts to instruct Americans and foreign national employees in protective tactics such as personal defense, hostage survival, and defensive driving.

Second, we are implementing a residential security program which includes installation of mechanical security systems; augmentation of guard forces and enhancement of their mobility; and improved communications capabilities.

We are also improving exchanges of intelligence with our allies and communication among U.S. agencies. The new interagency threat-alert system has improved our ability to give our embassies—and American communities overseas—early warning of impending anti-American terrorist action and analyses of terrorist threats and trends.

American business overseas has also recognized the need for action as the threat of terrorism abroad has increased. In 1985, we established the Overseas Security Advisory Council, comprised of representatives of other interested U.S. agencies and American business organizations, to provide an institutional link between the government and the private sector on security matters. Under its aegis, more than 120 corporate security directors and representatives of public interest groups, as well as 138 subsidiaries of U.S. firms, participated in a survey of the security needs of the American private sector overseas.

With the programs to provide for the most urgent security needs of our people abroad initially funded and underway, we are now shifting the focus of our efforts toward programs which will enhance our technical security posture.

When added to ongoing requirements of \$157.3 million and 536 positions, these program increases result in a total FY 1988 diplomatic security budget request of \$231.7 million and 794 positions. This is much to ask in a year of severe budgeting constraints, but I believe both the Congress and the Executive want to provide the resources to take these needed steps.

Foreign Buildings. In an area which is closely related, let me now turn to our construction program.

As we all know, there has been criticism of the past performance of the Office of Foreign Buildings (FBO). Some was absolutely justified. However, in the past 3 years, we have done much to improve FBO's management and procedures.

Indeed, such examples of mismanagement as the ambassador's residence in Cairo and several other projects of the late 1970s and early 1980s provide neither a fair nor an accurate assessment of FBO's current capabilities and performance. In recent years, FBO successfully completed six major construction projects and, in particular, in the last 18 months, there have been major improvements in FBO's leadership, management systems, and in the quality of its personnel. FBO has moved successfully from managing an average of four or five large projects a year to managing a current program of 61 major projects and several hundred small ones.

FBO has also contracted with Sverdrup Corporation for program management services. This is a contract which has been very satisfactory and which will bring private sector expertise to all aspects of FBO's operations, both in terms of ongoing projects and in terms of transferring contemporary program management techniques to FBO. FBO is undergoing a reorganization to provide a structure which is capable of rapidly integrating these new management processes and systems brought to the organization by Sverdrup and has, most importantly, established a system of management responsibility and accountability for each project.

We will continue to work closely with Congress in furthering our joint efforts in this area, but my concern is that FBO needs a period for consolidation of efforts already underway—with reality being closely monitored by us and in the Congress—before continuing on another round of organizational and procedural changes.

Next, let me take up several of our other programs which are of major importance and which require your attention as our authorizing committee.

Contributions to International Organizations

Armed with the clear requirements of congressional action, we succeeded last December in having the United Nations take what the President has described as "an historic step to adopt sweeping reforms of its organization and methods of operation . . . designed to strengthen the organization's effectiveness and efficiency in carrying out its important political, economic, and social objectives." To follow through on these important reforms and to extend them to the specialized agencies, we need the continued active support of the Congress.

The UN General Assembly established a consensus-based procedure for decisions on the overall size and program priorities of the UN budget. The United States and other major contributors now have the possibility for greatly increased influence over the management of UN resources. Properly used, this will have a significant and positive impact on the overall UN political process.

Followthrough on the reforms achieved in New York requires modification of the Kassebaum/Solomon amendment (Section 143 of P.L. 99-93) to take account of these reforms and a corresponding budget amendment. The success in the UN reform negotiations came too late to be reflected in the President's budget. The Administration is currently considering options to follow through on this issue.

The significant accomplishment in New York represents the culmination of 6 years of serious effort by the executive branch, working in concert with the Congress. Continuation of this combined effort is necessary at this critical stage in order to take advantage of the possibility we now have for effectively reasserting important U.S. interests through our strengthened participation in the United Nations and other international organizations.

Our membership and active participation in international organizations benefits us in many ways. They provide permanent forums in which we seek support for our policies, our interests, and our values, as well as to pursue multilateral programs which advance those interests. They provide a means of settling disputes peacefully, furthering human rights, and promoting cooperation in development assistance, agriculture, technology, health, and transportation. They also provide a means of access to legal decisionmaking and arbitration through courts and administrative bodies operating at international levels.

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Consular Operations

Perhaps the most visible casualty to the necessary budget reductions is the quality of our consular operations both at home and abroad. Without adequate resources to hire temporary help, the department will not be able to issue passports or nonimmigrant visas as rapidly as we now do. Today, we issue the majority of our passports either the same day or within a 10-day period if the application is mailed in. At most of our posts, we issue nonimmigrant visas either the same day for walk-ins or within 3 days for mail-in applications. Because there are peak seasons in both categories, over the years the Department has made a conscious management decision to hire only that permanent staff needed to process normal demand. To do otherwise would not be a judicious use of our limited resources. To meet the peak season demands, we have relied solely on temporary personnel to carry us through without creating enormous backlogs. We recognize, as do you, the complaints you receive when citizens or aliens have to wait for our services.

The time has come when we may have to live with the frustration of our citizens and the disappointment of those aliens who want to visit our country for business or vacation purposes. We will do what we can to explain the reasons for the delays. More troubling, however, is the foreign exchange income the United States would lose in tourism revenues because of the delays which will inevitably result from a cutback on all services. The reduction in services comes at a time when the majority of our European and Japanese posts are being swamped by a record increase in the demand for nonimmigrant visas.

We have no choice but to cut back. For example, the Bureau of European Affairs' budget has been hard hit, not only by reduced budget authorizations but by the strengthening of foreign currencies against the U.S. dollar. There is no money for "summer hires" to carry us through the deluge of applications we are receiving. Embassy London's nonimmigrant workload is up 30% over last year, and the consular section has had to take some very drastic measures to keep up with the demand, including closing for 1 day and shortening the hours of the visa information counter to half-days only. Even so, London is not sure how long they can stay current. Embassy Bonn estimates that it will have a shortfall of 6,248 staff-hours, representing 34,000 visas. If German citizens follow their normal pattern, they take 3-4 weeks' holiday and probably spend a minimum of at least \$500. That is \$17

million in lost revenue from the Bonn consular district alone.

Another seriously affected service will be our ability to visit American prisoners. We simply do not have the travel money at a number of posts to be able to maintain the same schedule of visits where American citizens are incarcerated in prisons which require any long-distance traveling. During 1986, 2,827 Americans were reported arrested in 101 countries. Of these Americans, 1,369 were jailed, the majority of them in developing nations. We believe frequent visits are necessary to assist with widely variant judicial systems, sluggish bureaucracies, culture shock, and health problems. Yet prison visits are costly. Embassy Mexico, for example, regularly has Americans imprisoned in 10 cities outside Mexico City. Each visit entails travel funds and approximately 2 days of an officer's time. While there may be few prisoners in Fiji, the consular district is large and officers must travel significant distances to prisons on Tahiti and other islands. In Canada, Calgary has four Americans imprisoned 500 miles from the post and has several other prisons located outside a 1-day trip. We have to begin thinking about cutting down the number of personal visits and conducting visits by telephone.

Finally, until we know the fate of our supplemental requests, we have to worry about how we fund the substantial costs associated with implementation of the Immigration Reform and Control Act of 1986.

Refugee Programs

The American people have demonstrated a deep and enduring commitment to providing assistance to victims of political repression. Addressing world refugee needs through international assistance programs overseas and resettlement of refugees to the United States continues to be an important U.S. foreign policy goal. Besides its humanitarian goals, refugee programs also address other foreign policy concerns through support of developing country governments which are shouldering the burden of supporting needy refugees while trying to meet the needs of their own citizens.

For these key programs, the Department is requesting an authorization of \$314.5 million for FY 1988, a reduction of \$32.4 million from the FY 1987 appropriation. At this level of funding, we project that the United States will maintain its position as an acknowledged world leader in assisting more than 8 million refugees worldwide through annual contributions of more than 25% of multilateral and bilateral refugee programs.

We estimate that we will welcome approximately 55,000 refugees to a new homeland in the United States. (The actual refugee ceilings will be determined by the President in consultations with the Congress shortly before the beginning of the fiscal year.)

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We have requested a FY 1987 supplemental of \$119.5 million to help us carry out our most critical programs over the next year until FY 1988. These funds would help us ensure that the basic foreign policy infrastructure is maintained in the State Department.

For salaries and expenses we are requesting a total of \$83,384,000 in supplemental funds for the following items.

- \$30.7 million for 1986 exchange rate losses.
- \$16.7 million for overseas wage and price inflation.
- \$3.5 million and 55 positions needed to establish a new Inspector General (IG) function in the Department. This was mandated in August 1986 by the 1986-87 Foreign Relations Authorization Act and by the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986. In response to congressional wishes at that time, we transferred some resources for this new IG from the former Foreign Service Program Inspector General's Office. The new IG office is now moving at a reasonable pace toward full organization and is heavily engaged in responding to requests for investigations and audits. The supplemental request covers roughly one-half of the amount needed in 1987 to continue orderly development of this function.
- \$3.1 million and 39 positions to carry out the requirements of the Immigration Reform and Control Act of 1986. The Immigration Reform and Control Act of 1986 impacts heavily on Department of State consular workloads, primarily in Mexico. The act creates new categories of immigration documents for special agricultural workers (SAWs), establishes a new temporary agricultural worker category (H2A), and provides for the issuance of additional immigrant visas (NP-5). The \$3.1 million is requested to fund staffing, temporary duty, automation, space renovation, and communication expenses which will be incurred in launching this program. These funds will support the issuance of 200,000 SAWs, 100,000 H2A visas, and 10,000 NP-5 visas.

- \$16.7 million for the new Federal employee retirement system.
- \$6.9 million for partial funding of the January pay increase for American employees.
- \$800,000 and 3 positions for the Conference on Security and Cooperation in Europe.
- \$5 million to provide a U.S. national gift to the Australian bicentennial.

We are requesting a one-time supplemental of \$21.6 million for the contributions to international peacekeeping activities account. This supplemental will partially offset arrearages in the assessment fund to the UN Interim Force in Lebanon (UNIFIL).

UNIFIL remains an important element of stability in south Lebanon and could play a key role in future security arrangements between Lebanon and Israel. Support for UNIFIL has been an important and longstanding element of the U.S. effort to bring peace to the Middle East. Recent attacks against UNIFIL troops by groups who view the force as giving protection to Israel have raised serious doubts among the contributors about the safety of UNIFIL troops. These concerns are compounded by the financial burden imposed on the troop contributors by recent cuts in the U.S. financial contributions to UNIFIL, which represent about 30% of the force's operating budget. These cuts have also brought into question the steadfastness of U.S. support to UNIFIL. Partial restoration of these funds, in addition to relieving a financial burden, would be a concrete indication that the United States will not halt its efforts to bring peace to the region.

For the acquisition and maintenance of buildings abroad, \$12 million is requested for acquisition of a site and architectural and engineering plans for building a new embassy complex in San Salvador, El Salvador. The compound will include an office building, chancery, U.S. Agency for International Development office building, ambassador's residence, and marine security guard quarters.

Supplemental funds are necessary for new facilities because the main chancery office building, located on the government-owned compound in downtown San Salvador, suffered extensive structural damage in the October 1986 earthquake.

A one-time request for \$2 million is sought to support activities generated under the 1986 U.S.-Brazil science and technology agreement. The funds would

be allocated to the various U.S. technical agencies. They would be used to initiate, on a matching-contributions basis, an intensive program of science and technology based firmly on jointly managed projects of original investigation.

For American sections of international joint commissions, we are requesting a supplemental increase of \$600,000. This supplemental will enable the international joint commission to fund a study of rising water levels of the Great Lakes.

During the past 2 years, water levels in the Great Lakes have exceeded their record maximum elevations, causing hundreds of millions of dollars of damage to shoreline interests in both the United States and Canada. This trend is expected to continue into the foreseeable future and, in the absence of remedial measures, there exists the danger of disaster. In response to this situation, the Governments of the United States and Canada have requested the commission to examine measures that might be taken to alleviate the advance effects of fluctuating water levels. This request calls for an interim report within 1 year and a final report no later than May 1, 1989.

Finally, we are requesting restoration, in FY 1987, of \$130 million in outlay authority for the contributions to international organizations appropriation, which was reduced by the continuing resolution. The \$225 million available for expenditure in FY 1987 amounts to an availability of less than 60% of funds requested to meet our assessed contributions. Restoration of this outlay authority will enable the United States to meet its assessed commitments in a timely fashion and ensure that our voting rights within the various international organizations are maintained. Deferral of these outlays until 1988 would present many of the international organizations, such as the Organization of American States, with severe cash-flow problems and possibly place U.S. voting rights in jeopardy.

In summary, I would like to reiterate that these supplemental appropriations are vital to help us carry out our most critical programs. In fact, 65% of the requested amount must be paid in accordance with statutory or mandatory requirements.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

How Much Security Is Enough?

by Robert E. Lamb

Address before the Discover Conference on Terrorism in a Technological World on January 22, 1987. Mr. Lamb is Acting Assistant Secretary for Diplomatic Security.

I have been asked to talk with you today about the question of "how much security is enough" and, at the same time, tell you how to put together a security budget. Actually, this is two sides of the same coin.

I remember, some years ago, I served with a crusty budget and fiscal officer who had been in Tokyo when a Japanese mob broke into the consulate general at Kobe-Osaka and had beaten up the consul general. In response, the Department came up with something like a quarter of a million dollars to protect the consulate. We'll call this officer "Larry." Larry was furious. "Are we going to spend a quarter of a million on every embassy and consulate in the world," he asked. "How much is a consul general worth?"

Simply stated, his approach was that we should recognize that an occasional consul general would be beaten up—and write that into the job description. Every consul general would then take his or her chances.

In those days, each ambassador was given a great deal of discretion over the level of security at an embassy. There were few security practices which were mandated from Washington. The mandated security primarily governed the protection of classified information. Protection of diplomatic buildings and people against violent attack was largely discretionary—in large part because this kind of security was seen as the responsibility of the host government.

Then, in 1979, our embassy in Libya was stormed and burned, and our embassy in Iran was occupied, which began the long national ordeal with our hostages in Tehran. Those episodes showed that there were some countries we couldn't count on to protect us. As self-evident as this may seem today, it was a major departure from international practice in 1979.

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In 1983 and 1984, we suffered mass casualty attacks against our embassies in Beirut and Kuwait and our embassy annex in east Beirut. "Car bombs" forced themselves into our vocabulary. These attacks further eroded the basic premises on which embassy security strategy had been built. If the 1979 attacks revealed limits to the *willingness* of some foreign governments to protect us, the 1983-84 attacks showed dramatically the limits of their *ability* to protect us.

Today, it is recognized throughout the world that embassy security is a shared responsibility. Some countries can provide better security to an embassy than others. But all countries look to the embassies themselves for basic security measures. No government can protect American embassies today without some help from us.

Formulating a New U.S. Security Strategy

In 1984, we were going through a sea change in the field of embassy security, and the U.S. Government needed a new security strategy. Secretary Shultz turned to Admiral Inman and a very distinguished panel of American officials to help us devise such a strategy. The result was the first comprehensive rethinking of the embassy security program in decades.

One of the conclusions we reached was the unacceptability of leaving so much discretion in the hands of the ambassador. The loss of an embassy to a mob or to a powerful bomb has national policy implications. Accordingly, it cannot be dealt with on a post-by-post basis.

The U.S. Government established, as a matter of national policy, that no embassy anywhere in the world be vulnerable to seizure by a mob or to a vehicle bomb. As a result of that decision, we embarked on three major programs to protect our embassies:

- The Public Access Control Program, to control the flow of people into our chanceries;
- The Perimeter Security Program, to keep mobs and intruders off the embassy grounds; and
- The Security Construction Program, to build new embassies at higher threat posts where existing buildings are just undefendable.

There are specific standards for all three of these programs. They are based on some serious research. For example,

the 100-foot setback for new embassy buildings is based on a very specific formula calculated from the pressure created by an explosive blast on the surface of a building built to certain standards.

We found that over half of our embassies fell substantially below minimum security standards; not just didn't meet standards—they were substantially below. In establishing the building program, we obviously had to set priorities. We did; and we based them on the dual criteria of risk and vulnerability.

One criterion we rejected was importance of a post. This issue surfaced particularly in Africa. For example, some asked why we put so much money into security in a country that is unimportant to U.S. national interests. That issue was seriously debated, and we concluded that we will protect all posts based on threat and vulnerability. We cannot, in good conscience, say that someone serving his country abroad would get less protection than needed because the country in which he or she is serving may be less important to us.

A variation on our policy is the macho ambassador who says, "I do not want protection. Security infringes on my privacy or my self-image." Because the murder or kidnapping of any embassy employee—and especially an ambassador—has a political cost to our nation as a whole, that attitude is unacceptable. Our Foreign Service is not abroad as individuals but as representatives of our government. We cannot afford not to protect them.

Protection Outside the Workplace

Safe embassy buildings are clearly the keystone of our security policy. But we cannot stop there. We have a responsibility for our employees and their families which extends beyond the workplace.

As we harden our embassies, we have seen the threat shifting to other, so-called softer targets: the La Belle disco bombing in Berlin, the shooting of the marines in the sidewalk cafe in San Salvador, the shooting of our "off-duty" communicators in Sanaa and Khartoum.

Anticipating that shift, we set up three new programs:

- Residential security, to protect our employees and their families outside the office;

- More armored vehicles, to protect employees going to and from work; and
- Security awareness training, to help employees and their families protect themselves.

A fourth, related program is our increased liaison with the private sector. In 1985, we assumed the business community would also start to become secondary targets as the embassies became more secure. Mainly, this program aimed at helping the private sector protect themselves by sharing information on threats and on protective techniques.

Incidentally, we have not seen that crossover targeting happening. There is little documentable evidence of a shift from government to business targets. Some terrorist groups target official U.S. Government activities; some target the private sector; some even target both. But we have not seen groups which concentrate on government targets suddenly saying, "The embassy is too secure, let's go down and blow up our local Coca-Cola plant."

Security Against Espionage

As a backdrop to the terrorist threat against our embassies, we saw another security threat looming larger. In the summer of 1984, we found that the Russians had gotten their hands on a number of typewriters which were being shipped to our embassy in Moscow. While under Russian control, the typewriters were implanted with devices which recorded characters being typed on the typewriter and transmitted them to a nearby KGB listening post.

The sophistication of that attack showed us that we had not done enough in technical security. Successive budget cuts over the years had whittled away at our counterespionage program to the point that, by the early 1970s, our embassies were increasingly vulnerable to foreign intelligence services. Our handful of engineers were fixing the growing volume of security equipment at our posts. Our counterespionage program atrophied. The Department's new security program has sought to restore a strong defensive capability. The Moscow typewriter incident drove home the need to do a better job of protecting our embassies against spies as well as terrorists.

The Security Budget

How did we translate these principles into a budget? The budget itself was a

natural product of our new program—almost a technical outgrowth. Any public policy should have two essential elements before it can be implemented. It should be a sound program with solid public support. By 1986, we had both.

There was a broad consensus behind embassy security. The American people do not like to see pictures on the evening TV news of foreign mobs occupying and burning our embassies. They do not like to have fanatics blowing up our buildings and killing our people. And they do not like having the Russian KGB bugging our typewriters and our buildings. The message was loud and clear: do something about it.

With the Inman panel recommendations, we had the first prerequisite: a sound program. That entire program was scrutinized more carefully than any government program with which I have ever been associated—scrutinized within the Department, by OMB [Office of Management and Budget], by the Congress, and, ultimately, by the press and an informed public.

The budget request was the principal vehicle for that scrutiny and that debate. Largely as a result of budget reduction pressures, we received much less money than we expected—\$1 billion in 1986–87 compared to the \$2 billion we requested. The implementation was stretched from 4 years to 5. But the program remained intact.

I cannot emphasize enough that the budget must flow from the program and not the program from the budget. But because public programs tend to be tied so closely to money, the annual budget cycle subjects them to continued scrutiny. In the 1988 budget cycle, the Department of State must once again ask whether security continues to enjoy the same priority. Do we want security even if budget stringencies are forcing us to close consulates? OMB weighs the relative worth of embassy security to other government programs. In the 1988 budget process, the executive branch has stood behind its commitment to protect our embassies and the people who are serving our country abroad. The question is now once again put to the Congress.

Program Successes

Congress will also inquire into how successfully we are implementing the program. There, too, we have a good story to tell. The attacks against our embassies have not declined, although

they rarely make the newspapers these days. In 1986, we had three car bomb attacks against embassy facilities in three countries. Mortars or rockets were fired at four embassies. Bombs were thrown at two, and there were thwarted attempts at even more. Several were strafed with automatic weapons fire. We have had innumerable intelligence reports of terrorist groups who have cased our embassies and found the security so good they canceled the operation.

On the intelligence side, in 1986 we uncovered and neutralized five technical efforts directed against our facilities—more than we found in the entire previous decade.

Protecting our embassies is only one part of our government's total antiterrorism program. But it is an important part. Here, too, we have told those who would attack us that we are going to defend ourselves. ■

The Cambodian Issue

by John C. Monjo

Statement before the Subcommittee on East Asian and Pacific Affairs of the House Foreign Affairs Committee on March 11, 1987. Mr. Monjo is Deputy Assistant Secretary for East Asian and Pacific Affairs.¹

I am honored to be here today to discuss Cambodia. We value congressional support for the Administration's efforts to achieve a peaceful solution to this tragic conflict.

As you know, the Administration remains adamantly opposed to Vietnam's occupation of Cambodia and strongly supports ASEAN's [Association of South East Asian Nations] efforts to block Vietnamese attempts to subjugate that country. We remain committed to maintaining maximum pressure on Hanoi to recognize that it is in everyone's interest—including theirs—to enter into serious negotiations which will end the fighting and lead to the withdrawal of People's Army of Vietnam (PAVN) troops. The Administration also remains adamantly opposed to a return to power of the Khmer Rouge in Cambodia and has made our position clear to all involved parties.

Our desire for Cambodia is the establishment in Phnom Penh of a democratically elected government which reflects the will of the Cambodian people and which is not susceptible to outside manipulation. We believe that a settlement which encompasses these objectives and addresses the legitimate interests of the principal parties involved, including the Vietnamese, is possible.

Results of ASEAN Leadership

The Administration continues actively to support the ASEAN lead in the search for peace in Cambodia. The member states of ASEAN, individually and collectively, have skillfully developed international opposition to Vietnam's occupation of Cambodia. In part as a result of these efforts, Vietnam now finds itself more isolated than ever before. In the United Nations, the General Assembly resolution calling for Vietnamese withdrawal and self-determination for Cambodia gained a record 115 votes in 1986. Vietnam's economic isolation has also compounded its already staggering internal problems. Vietnam, its energetic and literate population notwithstanding, is now one of the poorest countries in the world. Access to essential foreign credits and western expertise will remain largely unattainable for as long as Hanoi refuses to seek a negotiated settlement.

ASEAN has also worked effectively to increase the international stature of the noncommunist resistance and to encourage their expanded efforts within Cambodia. Vietnam's political-economic isolation and the ability of the resistance forces to survive and thrive have thwarted Hanoi's efforts to make the Cambodian situation an "irreversible" one.

Our support for ASEAN is also premised on the belief that ASEAN's coordinated response to Cambodia has helped strengthen ASEAN unity. Our allies and friends in Southeast Asia are of vital importance to the United States. We support their efforts to expand regional cooperation, and we are encouraged by the progress achieved. Our hope is that the countries of Indochina will at

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some time be free to share in the prosperity and progress which peace and cooperation have brought to the members of ASEAN.

Internal Situation

The last year has brought a number of developments of immediate or potential significance to the Cambodian issue. Inside Cambodia, the noncommunist resistance forces under the leadership of Prince Sihanouk and Son Sann continue their valiant opposition to the Vietnamese: their aim is a negotiated end to the PAVN occupation of their country, not military victory. The fight is still very much an unequal one: the 140,000 PAVN troops in Cambodia remain dominant, and there is little expectation that the resistance forces could ever hope to match them militarily.

Nevertheless, there has been some encouraging progress. The noncommunists successfully withstood the 1984-85 setbacks and have since then demonstrated a convincing staying power. Moreover, during the last year, they have succeeded in marginally expanding their operations inside the country and at setting up the beginning of the vitally necessary logistical and supply system to sustain operations in the interior. Most encouraging, noncommunist resistance units are reported to have been well received by the local population in those parts of Cambodia where they operate; some villagers have even given the guerrillas scarce food and other essentials. Since the noncommunists are not connected with either the Pol Pot atrocities or the Vietnamese occupation, they can serve as a focal point for the growing anti-Vietnamese feelings among the general population and as a legitimate political entity responsive to the aspirations of the Cambodian people.

We continue to believe that the noncommunists must and will play an essential political role in the achievement of an acceptable resolution to the Cambodian conflict. The Administration believes that it is essential for us to continue actively to support the noncommunist resistance. The \$5 million authorization the Administration has requested represents a key element of this support. Although the amount of money involved is modest, it sends a clear signal about our support for the noncommunists as an alternative to the Vietnamese and the Khmer Rouge.

Moreover, since we are responding to a direct appeal from ASEAN, our support for noncommunists will help reinforce the ASEAN lead in the search for peace.

Diplomatic Activity

The last several months have also witnessed considerable diplomatic activity related to Cambodia. While it is yet to be determined whether there is any change in substance in their position, the Vietnamese have been particularly active and have been asserting, through a number of different channels, that they desire a resolution to the conflict. They have repeatedly indicated their desire to negotiate the Cambodian question with the Chinese without precondition.

Hanoi has also twice proposed talks between Prince Sihanouk—as the president of the coalition government—and the Heng Samrin regime; in one case talks would have included all four Khmer factions, including the Khmer Rouge. The Prince rejected these proposals and suggested instead direct talks between the Vietnamese and the coalition government, with Heng Samrin elements participating as part of the Vietnamese delegation. Sihanouk explained that he opposed the proposed “all-Khmer” talks because this would lend credence to Hanoi’s claim that the Cambodia conflict was a civil war not an international conflict sparked by Vietnam’s invasion and occupation of that country.

Others have also been active diplomatically. The Soviets expressed their desire to see the conflict resolved, and Foreign Minister Shevardnadze reportedly discussed Cambodia during his recent swing through Southeast Asia. Although the press reported that the Soviet diplomat had suggested that Soviet efforts toward an Afghanistan “settlement” could serve as a model for Cambodia, other sources in the region indicate that he presented no specific proposals.

The Indians have also suggested that they would be willing to serve as mediator or catalyst for resolving the issue. Minister of State for External Affairs Singh recently visited Southeast Asia to convey what was reportedly Hanoi’s desire for a swift settlement. Again, there have been no indications that the Indians conveyed any specific negotiating proposals.

Unfortunately, we see no indication that the Vietnamese have made any concessions on Cambodia or have demonstrated a willingness to negotiate

seriously an acceptable settlement. Nevertheless, Vietnam is feeling the weight of its Cambodian policy. Although it is too early to tell, there is the possibility that the new leadership might be taking another look at this problem and might be considering a new formulation which would retreat a bit from its extreme objective of total control of Cambodia. Such a policy reevaluation would be welcomed and could possibly persuade Vietnam at some time of the advantages of seeking a real settlement.

In the meantime, we believe that the best policy for the United States is to continue to maintain our unwavering opposition to Vietnam’s occupation while pressing for a settlement which would address the legitimate interests of the principal parties involved and prepare the way for the establishment of a democratically elected government in Phnom Penh which reflects the will of the people.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

FY 1988 Assistance Requests for East Asia and the Pacific

by Gaston J. Sigur, Jr.

Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on February 25, 1987. Mr. Sigur is Assistant Secretary for East Asian and Pacific Affairs.¹

I am pleased to have this opportunity to present our 1988 foreign assistance proposals for East Asia and the Pacific.

In the 2 years since my predecessor came before your authorizing committee, we have witnessed a great deal of improvement in the region toward political and social progress by countries that share our democratic values and commitment to human rights. With broad bipartisan support in the Congress, our policies have sought to encourage these trends.

These policies are based on the belief that we can, simultaneously, assure our strategic interests, discourage the influ-

ence of potentially hostile powers, and progressively strengthen ties of friendship with the countries in the East Asia and Pacific region. We are accomplishing these objectives by working with the friendly governments of the region to strengthen their public and private institutions and by assisting them in advancing toward their economic goals.

The East Asian and Pacific region remains an economically dynamic and culturally diverse area with, generally speaking, good relations and close ties to the United States. Technological advances are proceeding swiftly, literacy rates are high, and economic performance on the whole has been impressive. Political instability is the exception rather than the rule.

Of course, we do not try to take credit for all of the progress in the region. Much of the credit in this large area results from the efforts of the people and governments themselves. However, we can be proud of the role we have played and of our contributions to the achievements of this region.

Until the recent past, our role has been particularly noticeable with respect to our crucial economic and military assistance programs. Now we face the third consecutive year of major reductions in our foreign assistance efforts there. I am concerned that unless our current assistance requests are met, we will be jeopardizing our position in East Asia. The request I am today supporting before you represents, I believe, the absolute minimum effort to which we must commit ourselves. Doing so is necessary in order to minimize as much as we can the risks to these vulnerable economies. Should we fail to do so, we signal our friends to turn elsewhere for support and, by default, aid the Soviet Union in its continuing pursuit of greater influence in the area.

Speaking for the State Department and as someone who is a student of Asia and who has spent a lifetime in the region, I can tell you that, frankly, we are playing with fire by continuing to reduce the foreign assistance budget. With just two cents of every Federal budget dollar going for international affairs, the United States is getting a pretty good bang for the buck. In recent years, we have had to pare back considerably in our foreign assistance efforts: this year, if we try to find even cheaper insurance premiums, we will be truly turning our backs on our regional responsibilities.

My colleagues can better inform you of details of how past cuts in assistance

affected their agency's effectiveness in East Asia. In general terms, though, we can see a disturbing pattern emerge. We have already cut away the fat and most of the muscle; further reductions will cut into the bone.

In an already lean foreign assistance budget, we are asking to provide deserving friends and allies in the Asia/Pacific region with \$263 million in economic assistance next year and \$204 million in security assistance. In total percentages of worldwide FY 1988 requests, this represents 3.9% of the economic assistance and 3.5% of security assistance—a small price to pay for the return this country receives in strategic and economic benefits.

As in the past, our economic assistance proposals are concentrated most heavily on three countries. They are the Philippines, Thailand—both treaty allies—and Indonesia. We have again requested the largest amount for the Philippines. That country continues to face difficult times economically but, in large part because of the success of the recent plebiscite, promises, with our continued support and the continued strong leadership of President Aquino, to see itself out of these difficult times.

Indonesia, the world's fifth most populous nation, highly values our assistance. Although per capita income has nearly quadrupled over the past decade, still almost 40% of Indonesia's population (66 million people) live below the World Bank's poverty line. With the collapse of oil prices in 1986 and continued weak markets for other commodity exports, Indonesia is in the midst of its greatest economic difficulties since the 1960s. I shall detail additional programs in just a moment.

With respect to security assistance, our 1988 proposals are concentrated on the Philippines and Thailand. The Republic of Korea graduated this year from our program of foreign military sales (FMS) credits, although an active international military education and training (IMET) program continues. This change was brought about both by the recognition of Korea's booming economy and our own budget situation. U.S.-Korean close coordination on defense questions, however, continues unabated. We expect the interoperability demands on our joint forces will mean that many weapon systems will continue to come from American manufacturers.

In the Philippines, where we have two of our most important military facilities anywhere on the globe and where there exists a strong communist insurgency, nearly all of our military

assistance in FY 1988 will go to fund an ongoing military assistance program (MAP). We are asking for \$110 million to fund military training, maintenance, and equipment acquisition initiatives.

Thailand continues to face a large Vietnamese force just across its borders that is trying to subjugate Cambodia and which poses a significant threat to Thailand's security. The Thai Government plays a key role in frustrating Vietnamese adventurism. Our support is crucial not only because of the importance of Thailand *per se*, but because of the stake we have in the independence, integrity, and prosperity of the nations of the Association of South East Asian Nations (ASEAN), of which Thailand is a member.

Philippines

Our foreign assistance request for the Philippines addresses the critical needs of a key allied nation. Under the leadership of President Aquino, the Philippine Government has instituted sweeping reforms in an effort to restore democratic institutions and revitalize a mismanaged economy. President Reagan reflected the broad sentiment of the American people when, during his meeting with President Aquino last September, he pledged the United States to doing all it can to help her build a free and prosperous Philippines. After President Aquino's eloquent speech to a joint session, the Congress voted to appropriate \$200 million in additional economic assistance. It is in this spirit of shared purpose that I ask this committee to consider our aid request for the coming fiscal year.

The basis for our foreign aid proposal for the Philippines is a Presidential pledge made in connection with the 1983 review of our military bases agreement with that country. These negotiations ensured our continued unhampered access to key military facilities at Clark Air Force Base and Subic Bay Naval Base. Subsequent to the successful review, the President agreed to make his "best effort" to secure a total of \$900 million in security assistance during the 5-year period of FY 1985-89. Thus, the level of our security assistance directly relates to our ability to maintain unhindered use of those military installations. These facilities play a vital role in maintaining a regional balance of power, protecting critical sealanes, and providing logistical support for U.S. forces in the Indian Ocean and Persian Gulf.

Developments since President Reagan made his "best effort" pledge have rendered the need for security assistance greater than ever. During the last years of the Marcos era, the Philippines experienced an unprecedented economic decline. Inheriting a collapsing economy, the Aquino government has since implemented free market reforms which have restored economic growth. Inflation is down, and capital flight has been arrested. Unfortunately, investor confidence necessary to trigger sustained economic growth has proved elusive. Recovery will be slow. It may well be several years before the living standards return to levels prevailing at the time we last negotiated the underlying basis for our security assistance commitment.

As it struggles to achieve economic recovery, the Aquino government has moved ahead with its bold agenda of political reform. Earlier this month, Philippine voters voted overwhelmingly (76%) to adopt a new constitution establishing democratic institutions of government similar to those existing prior to the imposition of martial law in 1972. The landslide vote in favor of the new constitution, in the fairest and most orderly election in recent Philippine history, was a ringing reaffirmation of President Aquino's political mandate which will bolster her government and further encourage efforts to implement broad structural reforms. No less important, the plebiscite's results constitute a setback for political extremists on both right and left who had sought to destabilize her government. National legislative and local elections, respectively slated for May 11 and August 24 of this year, will complete the transition to full democratic government.

A virulent communist insurgency continues to pose a grave threat to the legally constituted Government of the Philippines. The government's participation in peace talks initiated during the 60-day cease-fire is evidence of its appreciation for the need to redress socio-economic grievances contributing to the insurgency's appeal. The New People's Army, now estimated at more than 23,000 armed guerrillas, returned to the field earlier this month after communist negotiators spurned government attempts to extend a cease-fire negotiated late last year. In light of these developments, the Aquino government has resumed military operations against those seeking to undermine law and order and subvert the democratic process.

Our proposed security assistance package for FY 1988 is designed to fulfill the President's "best effort" commitment to the Philippines. Together with our development assistance and food aid, it also aims to address a wide range of problems whose solution is essential to the success of President Aquino's administration. We are asking for \$260 million in new aid to the Philippines. This request is made up of \$148 million in economic aid and \$112 million in military assistance.

Economic support funds totaling \$124 million constitute the largest single component of our proposal. These funds will allow us to assist the Government of the Philippines in implementation of its strategy for economic growth and development in an environment of scarce budget resources. We are working closely with the Government of the Philippines to find the best ways in which this category of funding can be used to complement its comprehensive economic development strategy. We are, for example, supporting the Government of the Philippines with its structural reform agenda which includes trade liberalization, privatization, divestiture of nonperforming government owned corporations, and tax reforms. Economic support funds also contribute to improving economic and social conditions in the vicinity of U.S. military facilities by providing schools, roads, community markets, and other needed infrastructure.

Development assistance in the amount of \$13 million focuses on programs designed to spur agricultural development in rural areas. Further, we are promoting better health care programs. We are also seeking just over \$11 million under provisions of PL 480, Title II to fund maternal and infant health programs and school feeding activities among Filipinos most in need.

Nearly all of our request for military assistance this fiscal year will go to fund an ongoing military assistance program. That program, for which we are asking \$110 million, is designed to provide military training, maintenance, and equipment acquisition initiatives. Medical support of troops in the field is also a high priority. Finally, we have asked Congress to appropriate \$2.6 million for advanced professional training of junior, mid-level, and noncommissioned Philippine military officers.

This month marks the first anniversary of historic events culminating in the inauguration of President Aquino. Her

government has since presided over a rebirth of Philippine democracy and taken important first steps toward revitalizing a stagnant economy. When she visited Washington in September 1986, President Aquino asked our assistance in helping her bring peace and prosperity to the Philippine people. Our foreign assistance request for the next fiscal year reflects our commitment to helping her realize that goal while, at the same time, serving our own national interest in a strong, stable, prosperous Philippines.

Thailand

Thailand is both a longstanding friend and important treaty ally. Our relationship is based on a shared commitment to freedom and democracy, mutual security cooperation in a wide range of areas, and growing trade links. Thailand plays a key role in resisting Vietnamese aggression, particularly in preventing the consolidation of Vietnam's occupation of Cambodia. It has been generous in providing refuge to Indochinese fleeing communist oppression in their own countries. And Thai authorities have worked closely with us in suppressing narcotics trafficking from the Golden Triangle.

Our proposals for assistance to Thailand's economic development and military modernization programs are an integral part of our efforts to advance those interests which we share with the Thai and other regional friends. Our assistance is viewed by friend and foe alike as a gauge of the depth of our commitment to Thailand, to the success of ASEAN of which Thailand is a member, and to continuing as a major force for stability and development in the region.

The 1978 Vietnamese invasion and occupation of Cambodia brought a large, experienced Vietnamese military force to Thailand's border. Vietnamese incursions into Thai territory occur regularly, while Vietnamese artillery fire has inflicted suffering on civilian populations, both Thai and Khmer displaced persons alike. In response to Vietnamese aggression, Thailand instituted a modest program to modernize its armed forces. Together with other measures, such as the agreement for a war reserve stockpile, our support for the Thai modernization program is intended to deter further Vietnamese aggression by helping Thailand to become more self-reliant and to assume a greater role in meeting our shared security goals.

Our assistance package also makes important contributions to Thai economic development. The Thai economy is just emerging from a painful period of adjustment made necessary by growing budget and trade deficits in the early 1980s. Recently revised figures indicate that the 1985-86 Thai economic slowdown was more severe than originally thought. While conservative economic management, the drop in oil prices, and lower world interest rates lead most observers to anticipate a return to more acceptable growth levels, the health of the Thai economy remains dependent on external factors. U.S. security aid is essential to the Thai Government by helping it make the necessary military expenditures to meet the threat of Vietnamese aggression while allowing it to give social and economic development a high priority. Our economic assistance program, though limited in resources, remains targeted toward sensitive areas such as the eradication of rural poverty which fueled the communist insurgency of the 1960s and 1970s.

For FY 1988, we are requesting \$50 million in MAP and \$10 million in FMS credits. This is substantially less than we requested in FY 1986 and FY 1987. By making most security assistance MAP rather than FMS, we hope to ease the strain falling levels of U.S. assistance place on the Thai economy. Nonetheless, we expect this amount to be insufficient to halt a trend already underway toward greater Thai reliance on other countries to sustain their military modernization program.

I would like to add that our economic assistance and security assistance carry benefits beyond those immediately apparent in military modernization. For example, one of the consequences of the harsh policies pursued by the communist governments of Indochina has been a large, continuous outpouring of people seeking refuge from oppression. For Thailand and the other ASEAN states, these refugees present not only humanitarian but security and economic issues as well. Although the international community provides much needed financial support for over 300,000 refugees and displaced persons on Thai territory, assuring the safety of those who have received first asylum places additional requirements on the Thai Armed Forces. Similarly, the Thai Armed Forces play an essential role in our joint effort to suppress narcotics trafficking through the Golden Triangle.

Our request for \$5 million in economic support funds (ESF), which have been straight-lined for several

years, provides the Thai with assistance in helping village communities along the Cambodian border. Vietnamese incursions and shelling have inflicted casualties and disrupted the economic and social stability of rural populations, making these people deserving of special help and compassion. These funds also ease the impact of refugee influx on Thai border villages, thus contributing to the ability of the government to sustain Thailand's humane first asylum policies.

Our IMET request in FY 1988 amounts to \$2.2 million. Beyond the technical challenges attendant on the introduction of sophisticated systems, the need for advanced logistical training and management becomes pressing. The performance of Thai personnel in our courses has been very impressive. Further, the United States accrues indirect benefits from the exposure to our society of these future leaders who participate in our training programs.

Burma

Although Burma follows a genuinely nonaligned foreign policy, relations between the United States and Burma continue to improve. Much of this is based on the increased cooperation between our governments in antinarcotics activities in recent years, which has opened the door to greater contacts in other areas of interest to the United States.

Our principal objectives in Burma are to encourage the country's economic development and evolution into a politically stable society friendly to the West and to assist the Burmese Government to suppress the flow of illicit opium and opium derivatives from Burma to international markets.

Despite substantial natural resources, Burma ranks among the world's poorest countries. It has a per capita income of less than \$190 and a debt service ratio of over 60% on a foreign debt of \$2.6 billion. Low commodity prices have hurt Burma's export earnings, which have been dropping for several years. Burma recently applied to the United Nations to be included on the list of "least developed developing nations." A favorable decision is expected by this summer.

The \$8 million in development assistance proposed for FY 1988 represents a cut of almost half from the FY 1985 level of \$15 million. Agency for International Development (AID) projects are tightly focused to assist Burmese agricultural development, improve rural health care, and expand technical train-

ing in a variety of fields. The AID projects have been well-received by the leadership and people of Burma and have contributed measurably to a strengthening of our bilateral relations.

The Burmese Government is fighting a number of insurgent and warlord groups, including the Burma Communist Party, that control large areas of the hinterland and finance themselves primarily through narcotics trafficking. The Burmese Government launched, with U.S. support, an aerial opium eradication campaign in 1985-86 and again in 1986-87. The latest operation, after spraying some 22,000 acres, was suspended short of the goal of 45,000 acres because support troops were diverted to counter a major Burma Communist Party offensive. The government plans an expanded spray program in 1987-88 in areas taken from the Burma Communist Party.

The \$260,000 proposed for IMET in FY 1988 will allow the Burmese Government to increase its own training of military officers. As with the other IMET programs, training in the United States will directly expose Burmese officers to American society and values and the role of the military in a democratic society. Because of the military's dominant role in Burma, this could have a favorable long-term effect on our bilateral relations.

Indonesia

Indonesia lies along vital air and sealines of communication between the Pacific and Indian Oceans. Direct U.S. investments and valuable raw materials (especially oil and natural gas) further increase Indonesia's importance. Indonesia has compiled a record of political stability and sound economic management over the past two decades and has played a constructive role in international affairs as a moderate voice in the Nonaligned Movement, ASEAN, the Organization of Petroleum Exporting Countries (OPEC), and the Organization of Islamic Conference. Within ASEAN, Indonesia has taken a leading role in the effort to end Vietnam's occupation of Cambodia.

Indonesia's economy depends heavily on oil and gas sales. Petroleum earnings during 1986 were down by half, precipitating the worst economic downturn in two decades. External debt stands at nearly \$40 billion, with a debt service ratio near 40%. The government has announced an austere FY 1987-88 budget 6% below the previous budget in real terms. During 1986 the government

continued its pattern of prudent macro-economic management and important trade and industrial policy reforms. With annual per capita income under \$500 and 2 million new labor force entrants annually, bilateral and multilateral foreign assistance continue to make an important contribution to political and economic stability.

Our economic cooperation program with Indonesia consists of development assistance, food aid (wheat) under PL 480, Title I and PL 480, Title II. It focuses on three goals: expanding off-farm employment, increasing and diversifying food production, and improving primary health care and family planning. Two key elements in achieving these objectives are developing human resources and building institutions that can adapt and spread technologies to accelerate development. Our economic cooperation program also encourages government decentralization and private sector involvement in technological diffusion.

We have allocated \$45 million in development assistance for FY 1988, which is equal to FY 1987 but \$15 million less than our FY 1986 request. The majority of these funds will support traditional and ongoing economic development programs in Indonesia. As in FY 1987, a portion will be applied to new areas with the aim of encouraging further trade and economic deregulation. Although our \$10 million request for PL 480, Title I, aid is only one-third of the FY 1987 program, we know the Government of Indonesia continues to give high priority to this program which helps maintain adequate stocks of a good grain not produced, but increasingly consumed, in Indonesia. Our \$4.4 million request for PL 480, Title II funds in FY 1988 will support important voluntary agency programs.

The security assistance program for FY 1988 consists of \$2 million for IMET and \$20 million in FMS credits at concessional rates. The FMS figure is roughly equal to the FMS assistance provided in FY 1986. We provided half this FMS amount in MAP in FY 1987. FMS credits at concessional rates are extremely beneficial to Indonesia as it seeks to recover from a severe economic downturn and budget shortfalls brought on by a sharp decline in oil earnings in 1986. The Indonesian military has taken a disproportionate cut in already austere budgets. Our providing FMS credits at concessional rates in FY 1988 will permit further progress toward purchase of systems, such as the F-16 A/B, to which the Indonesian military accords high priority.

Our security assistance has helped to sustain a number of important programs, including aircraft maintenance and spare parts, ship overhaul and spare parts, improvements in air and sea defense systems, and—through IMET—advanced and specialized training for commanders and management personnel in the armed forces. Indonesia's military remains critically short of qualified technicians and program managers. U.S. training primarily will be in technical fields, and the level of IMET funding requested will permit up to 250 military officers to participate in our training programs in FY 1988. IMET deserves high priority support because of the important role played by the professional military in Indonesian society, the utility of the program in furthering our foreign relations objectives, and the desirability of improving mutually beneficial service-to-service interaction.

Malaysia

Strategically located on the Malacca Strait, Malaysia's continued political stability and economic development are important to U.S. interests in Southeast Asia. Confronted with the Vietnamese occupation in Cambodia and a major Soviet base at Cam Rahn Bay, Malaysia has been near the forefront of ASEAN's strategy to compel a withdrawal of Vietnamese forces from Cambodia and a negotiated settlement ensuring the rights of the Cambodian people. Malaysia is an active and responsible member of ASEAN, the Islamic Conference, and the Nonaligned Movement.

U.S.-Malaysian relations, based on a broad band of common interests, are excellent. After Prime Minister Mahathir visited Washington in early 1984, bilateral relations were broadened considerably. Subsequent exchanges of high-level visits, including a visit by Mrs. Reagan in 1986, have further enhanced our ties. Malaysia is interested in continued defense cooperation with the United States, so long as the relationship is kept consistent with Malaysia's nonaligned status.

For the past several years the Government of Malaysia has considered IMET to be the most important element in our small security assistance program for Malaysia. Now faced with its first economic recession and consequent reductions in the defense budget, the Malaysian Government is looking for ways to maximize the armed forces' ability to utilize current equipment and manpower. The \$1 million IMET program we are requesting in FY 1988 will

provide an extremely useful means for the Malaysian Armed Forces to meet their training needs as they adjust to a more conventional force structure and more sophisticated equipment. The Malaysian Government considers exposure to U.S. defense management, operational doctrine, and support concepts critically important to the rapid modernization of armed forces increasingly designed to protect Malaysian and ASEAN interests in the South China Sea. In the foreseeable future, the Malaysian Armed Forces are expected to look to us to fulfill as many of their external training needs as we find possible.

The \$4 million FMS request level for Malaysia in FY 1988 is designed to restore continuity to the program as the Malaysian Armed Forces adjust to their new missions. Although Malaysia has preferred to utilize FMS credits to acquire spare parts for U.S.-origin equipment, additional purchases are likely when the Malaysian economy recovers.

Singapore

Singapore plays an important role within ASEAN and occupies a pivotal geographic position at the juncture of the Pacific and Indian Oceans. Singapore is a valuable port-of-call for U.S. ships and aircraft and offers important maintenance and support facilities. A nonaligned nation, Singapore plays a moderating role within the Nonaligned Movement and in United Nations fora. Singapore has been steadfast in its opposition to Soviet actions in South and Southeast Asia, and Singapore's leaders have publicly called for the United States to maintain a continuing regional security presence as a deterrent to Soviet expansionism. Additionally, Singapore has strongly supported ASEAN's strategy for achieving a political settlement of the Cambodian problem and an end to Vietnamese occupation of that country.

For FY 1988, we are requesting an IMET program of \$50,000. This modest amount of assistance serves to demonstrate our continuing interest in Singapore's security and independence. It supports the continued development of Singapore's small but highly proficient armed forces and their ability to protect the international sea and airlines through the Strait of Malacca. The United States is an increasingly important source of military training and expertise for Singapore, as well as a supplier of military equipment.

Cambodia

For more than 8 years, Vietnam has used its massive military might to subjugate Cambodia and turn it into a vassal state. The People's Army of Vietnam continues to deploy about 140,000 occupation troops inside the country. Vietnamese military and civilian advisers are pervasive and are involved in all aspects of the government and economy. The Heng Samrin regime, which Hanoi installed after routing the Khmer Rouge from Phnom Penh, remains dependent on the Vietnamese presence.

The occupation of Cambodia by Vietnam represents a clear and immediate threat to the security of Thailand and to ASEAN stability. The presence of Vietnamese combat troops on its borders has obliged Thailand to assume the onerous task of expanding its own military presence on the border. The exodus of several hundred thousand Cambodians to the border region, most of whom continue to live there under the protection of the United Nations, has further strained Thai resources. Thailand has responded to the challenge, however, and has successfully countered Vietnamese cross-border incursions while facilitating UN relief efforts. ASEAN has also responded effectively to the Vietnamese challenge. It has led the growing international opposition to the occupation of Cambodia and has put teeth into the diplomatic isolation of Vietnam. ASEAN has also provided diplomatic and other support to help build up the international stature and capabilities of the Cambodian noncommunist resistance as part of a unified policy to secure a negotiated settlement.

The noncommunists represent the only alternative to Vietnamese occupation or the return of the brutal Khmer Rouge. We have been encouraged recently by their progress in expanding their political and military presence inside Cambodia. They have compensated for the loss of border camps in 1985 by deploying smaller more mobile forces deeper in Cambodia, where they are building logistical bases to support expanded operations in the future. The physical presence of the noncommunists inside Cambodia can demonstrate to the Cambodian people that they do not have to choose solely between the communist Heng Samrin regime or the communist Khmer Rouge.

The prime goals of U.S. assistance to the Cambodian noncommunist resistance forces are to respond to ASEAN's February 1985 appeal for international support for the noncommunist resist-

ance; to demonstrate tangible U.S. support for the ASEAN strategy on Cambodia; to improve the positioning and strength of the noncommunists *vis-a-vis* the Khmer Rouge and help provide a counterweight to the Khmer Rouge within the coalition government of Democratic Kampuchea; and to strengthen the actual effectiveness of the resistance forces themselves. Although our assistance program is not large, it is an important demonstration of our commitment and represents a direct, tangible response to ASEAN's request for the international community to aid the Cambodian people in their political and military struggle.

The \$5 million in ESF funds authorized for the assistance program will provide funds for nonlethal activities in support of the noncommunist resistance. These activities will contribute directly to strengthening the effectiveness of the noncommunist resistance forces.

Pacific Islands

One of our principal foreign policy goals in the South Pacific is strategic in nature and relates to the long-held bipartisan determination that the region should not fall under the influence of any power that might be hostile to the United States. Another major focus of U.S. interest in the region is to participate in the growth of the South Pacific's regional economies and democratic development. In the view of this Administration, the surest way to achieve these goals is to work with the governments of the region to strengthen their public and private institutions and to assist them in promoting economic growth.

When considering our relationship with the South Pacific, it is useful to keep in mind an unusual characteristic of the region, that is, an area made up of almost exclusively democratic, pro free enterprise governments that regularly seek a renewal of their mandate from the people. The Administration of President Reagan is committed to assisting the independent nations of the South Pacific maintain the institutions that have produced this environment of freedom. In the past year, it has taken two major steps to underscore the seriousness of that commitment and our desire to work with the region to find solutions to problems.

Regional Fisheries Treaty. Last October one of your former colleagues and now Under Secretary of State, Ed Derwinski, represented the Secretary at the final negotiating session for a regional fisheries treaty between the

United States and the 16 member nations of the Forum Fisheries Agency. This treaty, which we expect to be signed within the next few months, will remove from our relationship with the region a contentious and politically volatile issue produced by differing views on coastal state jurisdiction over highly migratory species of tuna. Our differences with the region over this issue were exploited by our global adversaries. In this sense, the treaty is a vehicle for addressing national security concerns as well as our economic relationships in the area. While the purpose of the treaty is to address and resolve a serious dispute between the United States and the nations of the region and the \$10 million ESF assistance package associated with it, it will also serve the purpose of assisting them to develop an indigenous fishing industry and more vigorous local economies.

The successful conclusion of the fisheries negotiations in October was followed 1 month later by our signing of the Convention for the Protection of the Natural Resources and Environment of the South Pacific Region and associated protocols. Under this convention, the United States agrees not to pollute the marine environment, to cooperate in environmental protection, to prepare environmental impact assessments for major projects, and to share information with the other convention parties. The convention contains a specific prohibition on sea disposal of radioactive wastes in the convention area and a provision for the prevention of pollution from nuclear testing. The convention represented a major policy initiative by the states of the region that we were pleased to support.

Nuclear Free Zone Treaty. Of course, we have not been able to respond positively to every regional initiative. Earlier this month, for instance, we informed the region's governments that in view of our global security interests and responsibilities, the United States was not, under current circumstances, in a position to sign the three protocols to the South Pacific Nuclear Free Zone Treaty. At the time we noted that our practices and activities in the region are not inconsistent with the treaty or its protocols. We appreciate the region's commitment to nonproliferation represented by the Rarotonga treaty, as we do the efforts by members of the South Pacific Forum to insure that the treaty took into account our regional security responsibilities. As you know, the United States has signed nuclear-free-zone

treaties and protocols in the past as part of our constant search for ways to enhance nonproliferation. Accordingly, we did not ignore or discount the interests of the South Pacific Forum in enhancing the region's security. Indeed, we gave the views of our friends in the region the most careful attention. In the end, however, we could not in good conscience isolate the South Pacific from its broader strategic relationships.

In examining the treaty protocols, we were concerned above all that we not in any way undermine the policy of deterrence that has been the cornerstone of Western security since World War II. We concluded that the growing number of proposals for nuclear-free-zones has the potential to undermine that policy. We could not ignore the fact that were we to sign the treaty of Rarotonga protocols, our adherence would be used by others to support the creation of nuclear-free-zones elsewhere, a situation which could be exploited by our adversaries. The proliferation of these zones in the free world, unmatched by disarmament in the Soviet bloc, would clearly be detrimental to Western security. While our friends in the region have expressed disappointment with our decision, we are confident that the fundamental strength of our relations with the South Pacific will ensure that the region will understand.

Assistance Request. For FY 1988, and reflecting the Administration's desire to work with the Congress and bring the budget under tight control, we are seeking only \$4 million in development assistance, the minimum level consistent with our foreign policy goals in the region. This money will be channeled into programs and projects designed to strengthen the region's private sector, promote the development of rural agriculture, and improve public health. In addition, we will seek congressional approval for \$13.2 million in ESF to fund a modest bilateral assistance program in Fiji, help develop the region's ability to analyze available data on off-shore mineral and hydrocarbon resources, and develop the region's fisheries. The latter component of the ESF request has two distinct elements—\$1.5 million to support our ongoing regional fisheries development program and \$10 million to fund the assistance package developed in conjunction with the regional fisheries treaty for treaty signatories.

Finally, the Administration will seek your support for a modest \$230,000 military training, or IMET, program for

the region and \$300,000 in MAP to complete the small-arms replacement program for the Royal Fiji Military Force, which maintains 1,000 men in the UN Interim Force in Lebanon (UNIFIL) and the Sinai Multilateral Force and Observers (MFO).

Marshall Islands, Federated States of Micronesia, and the Trust Territory of the Pacific Islands. Elsewhere in the Pacific, under PL 99-239—the compact legislation for the Marshall Islands and the Federated States of Micronesia—U.S. economic assistance to the freely associated states will be provided through the Interior Department budget. Therefore, the Department of State budget proposal contains no request for compact funding, and this funding is lodged in the Interior Department proposal.

I wish to point out, however, that under the same public law, the Department of State will be responsible for the conduct of our relations with those states. The President, on October 16, 1986, issued Executive Order No. 12569 and directed the establishment of an Office of Freely Associated State Affairs within the Department of State to carry out these responsibilities. The new office has now been established in the East Asian and Pacific Affairs Bureau of the State Department.

Acting pursuant to these statutes and executive instruments, the United States and the freely associated states have gotten off to a good start on implementing the Compact of Free Association. We are establishing our representative posts in Kolonia, Pohnpei, and Majuro, Marshall Islands, and the two freely associated states have established official representation in Washington. Both freely associated states are expected to become members of the South Pacific Forum this summer, and their new political status has been formally recognized by a number of the regional states, including Australia, New Zealand, Japan, Fiji, and Western Samoa.

Palau has not yet approved the Compact of Free Association in accordance with its internal constitutional requirement of a 75% majority and thus remains under the trusteeship agreement. We will continue to discuss the political status issues with Palau as they relate to implementation of the approved compact but are not in a position to renegotiate its terms. Trusteeship-level funding for Palau will continue to be provided under the Interior Department budget.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Structural Adjustment, Dialogue, and U.S.-Japan Economic Relations

by W. Allen Wallis

Address before the annual Executive Committee meeting of the U.S.-Japan Business Council in Kona, Hawaii, on February 16, 1987. Mr. Wallis is Under Secretary for Economic and Agricultural Affairs.

I do not have to tell you that the U.S.-Japan economic relationship is, today, the most dynamic—and controversial—economic relationship in the world. You recognize better than anyone how wide-ranging, complex, and multifaceted it has become.

Just look at the statistics. As a statistician, I know that figures alone do not begin to tell the whole story. But they are, indeed, impressive. Together, the United States and Japan account for

60% of OECD [Organization for Economic Cooperation and Development] production; two-way trade now exceeds \$110 billion annually; total direct investment in each other's economies has reached some \$25 billion and is growing dramatically. The United States and Japan together provide 75% of all new internationally syndicated bank lending and 45% of all economic assistance to developing countries.

You, your companies, and the universe of companies that you represent are the ones who are largely responsible for making all this happen. You are the pioneers and explorers who have committed time, resources, and talent to the Japanese and American markets, risking the health of your balance sheets on these two economies.

The Importance of Structural Adjustment

I am pleased you have asked me to speak on structural adjustment as an element of U.S.-Japan economic relations. You, better than anyone, understand the constancy of change. New economic conditions develop, exchange rates shift, new technologies come on stream, new products enter the marketplace, and the less innovative, less productive, and less efficient producers fall by the wayside. As painful as this process of adjustment may be to individual companies, overall it strengthens our economies and helps them reach higher levels of growth by promoting the more efficient and more productive.

This assumes, of course, that government policies and programs, as well as private attitudes and practices, allow the adjustment process to go forward. In our market systems, adjustment is, and must be, a natural part of economic life. The economy does not change fundamentally at any one moment; if there are no barriers to adjustment, it reacts and adjusts continuously.

The decade of the 1970s gave us all a sometimes harsh lesson in the importance of adjustment. The sharp breaks with the past—on exchange rates, energy, food and raw material prices, and inflation, just to name a few—called for major adjustments in our economies. Sadly, we found that the flexibility needed for adjustment was not always there. This was especially true in Europe, where government policies have impeded the natural processes of adjustment.

The United States and Japan by the early 1980s had adjusted reasonably well to the dislocations of the 1970s. But new signs of international imbalance began to appear. The United States experienced a period of strong growth and even stronger expressions of confidence in the U.S. economy. Our currency appreciated rapidly, beyond anything explainable by relative inflation or by trade in goods and services.

Favorable investment opportunities in the United States, combined with low national saving and with a poor investment climate in most of the rest of the world, generated a large surplus on our capital account. We were the recipients of a sizable net inflow of the world's saving. This capital inflow led us to be also the recipients of a sizable net inflow of the world's goods. The U.S. trade and current account deficits reached record proportions, month after month.

Across the Pacific, Japan was experiencing a similar phenomenon in reverse. Strong domestic saving and sluggish investment, both public and private, led to a deficit on capital account. The Japanese sought remunerative investment opportunities abroad and found them in the United States. But the other side of the coin was that Japan's trade and current account position moved to record surpluses, both with the world as a whole and especially with the United States.

International imbalances are not inherently bad, at least in economic terms. Whether they are detrimental to our two economies, or to the global economy, depends largely on the efficiency with which each economy operates. It can be detrimental if saving or consumption is artificially encouraged or discouraged by governmental action, if investment decisions are directed or distorted by public policy, or if the public sector is simply too overbearing, either through regulation or sheer weight. In these circumstances, the international imbalances will reflect policy-induced domestic imbalances and inefficiencies. Policies that inhibit adjustment to change interfere not only in the domestic economy but also in the global economic relationship among countries.

This is why the issue of structural adjustment has become one of the major items on the international economic agenda and why it has received attention at economic summit meetings, most recently at the Bonn and Tokyo summits. On the basis of the consensus reached at the summits, economic officials of the major industrialized countries outlined in the "Plaza agreement" appropriate domestic structural measures, such as reducing rigidities in labor and capital markets, to provide a sound basis for more balanced, noninflationary economic growth.

The OECD is nearing the end of an ambitious work program on structural adjustment, including agriculture. The OECD's analysis and recommendations will be examined this May by OECD government ministers and will provide guidance for the hard political decisions that governments must make.

The United States has approached its own structural reform with four principal economic priorities:

- Deregulating our domestic economy;
- Curtailing the growth of government expenditures;
- Reforming our tax system; and

- Opening the international market, in part by resisting protectionism at home and championing a new round of trade negotiations internationally.

We have not done badly. Tax reform is a reality. Far-reaching steps have been taken in deregulation. A new trade round has been launched, and we are aggressively tackling the most intractable problem—excessive government expenditure—which is the root of our excessive public sector deficits. We are making progress even on this front, and our Federal deficits are on a downtrend. All told, this is not a bad record—in fact, comparison with any other country makes it look miraculously good.

The Political Dimension

Whether there is an economic problem or not, we must face the fact that large imbalances, especially trade deficits, lead inevitably to political problems. And we do have a serious political problem. Despite 4 years of uninterrupted growth in the United States, the lowest inflation in over two decades, dramatically lower interest rates, real prices of energy below those of the early 1970s, more employment than ever—despite this record, the political process in the United States is virtually overwhelmed by sentiments in favor of protection. The process of adjustment is inexorable but is not without discomfort. That discomfort translates into strong political forces.

As Americans look around for reasons for the trade deficit, for an explanation for our declining industries—it seems only natural to many of them to focus on a country with the opposite trade position. Japan's large global surplus and the massive bilateral surplus with the United States are like bright neon lights attracting attention as we search for causes of our deficit.

The United States and Japan are addressing the specific trade problems between our two countries in a number of forums. But both partners know that opening markets will not wipe out the massive imbalances that are the source of our political friction. Estimates are that totally free and uninhibited trade between the United States and Japan would shift the bilateral balance in the U.S. favor by no more than \$5-\$10 billion, compared to the 1986 deficit of \$60 billion. We both know that, fundamentally, trade positions are manifestations of other influences governing savings, investment, and international

capital flows. If we do not work to identify ways to reduce the domestic imbalances among these influences and to make our economies more efficient, then the political woes will persist, even beyond our best efforts to open markets and liberalize trade.

Opening Markets in Japan

During the last 4 or 5 years, we have witnessed a sea change in Japanese attitudes regarding trade, the opening of markets, and the Japanese economy. During this period, much effort by the Japanese Government and private sector has focused on liberalizing Japan's capital, financial, goods, and services markets and opening them to foreign products and competition. The process has now been extended to whole sectors via the MOSS [market-oriented, sector-selective] negotiations. Since its trade action plan of 1985, the guiding principle of Prime Minister Nakasone's government has been that Japan's markets should be free in principle, with restrictions only as exceptions.

This is not to say that the market opening process has been completed. There is much more to be done, and many announced policies and programs still need to be fully implemented. To address this, U.S. trade policy toward Japan will continue to be comprehensive in its scope. Our policy's main elements are that:

- We will continue to seek the removal of individual trade barriers which affect a wide variety of American goods and services.

- We will continue to seek open and liberalized markets for entire industrial sectors through the so-called MOSS process and encourage further liberalization of Japan's financial and capital markets.

- We will continue to deal with the fundamental issues that lie behind our trade balance by encouraging better balance between internal saving and investment in both economies and by reducing our fiscal deficit.

- As necessary, we will take unilateral action under our own trade laws to remove unfair trade practices.

- We will continue to cooperate with Japan internationally to strengthen the world trading system and promote the success of the new trade round.

Japan's Maturing Economy

Japan's economy is maturing. By such standards as per capita income and GNP

[gross national product], it has achieved parity with—or surpassed—the other major industrialized countries. This was achieved, in part, by Japan's very efficient export sector, which has been able to adjust and transform itself by responding to emerging opportunities in international markets. Thus, Japan moved from labor-intensive, low-wage industries in the 1960s to today's knowledge-intensive, high-technology fields such as computers, semiconductors, and telecommunications.

However, Japan has also tried to hold on to those sectors where its comparative advantage now is waning, such as steel, aluminum, shipbuilding, petrochemicals, textiles, and some consumer electronics. This has been at great cost to Japan's economy and to the economies of Japan's trading partners and competitors.

Internal Inefficiencies in the Japanese Economy

Japan's success in its export sector has created the appearance of a miraculously efficient economy. Notwithstanding that popular image, however, much of the Japanese economy is astonishingly backward and inefficient. It is ironic that Japan, which in its foreign trade has been so effective in directing its resources and talents into the most productive areas, has not allowed the same kind of efficiencies to operate in its domestic sector. A few examples:

Agriculture. America's farmers are five times as productive as Japan's and could provide food to Japanese consumers at a much lower cost. Yet they are prevented from doing so, in many cases, because of quotas and high tariffs. Many of the products that we are interested in selling—for example, wine, beef, citrus, and fruit juices—are marginal to the Japanese diet, and the economic impact on Japan's farmers of a more open market for these products would not be great. Rice is the staple of the Japanese table, especially at the lower income levels, yet it sells there for about seven times the world price. Soybeans also sell for about seven times the world price. Because an inefficient sector is protected, the Japanese consumer and the Japanese economy as a whole pay the price.

Forestry and Paper Products.

Japan has no problem buying logs from us—in fact, they go in duty free—but if our sawmills, which are much more efficient than Japan's, cut those logs and process them into plywood or paper,

Japan levies a high tariff on them. The result? Japanese houses and furniture are more expensive than they need to be. Every time anyone in Japan puts pen to paper or remodels his house, he is being forced to subsidize an inefficient industry. A lumberman told me that he has seen many mills in Japan that are more primitive than any that have operated in this country in this century.

Retailing and Distribution. Japan's cumbersome distribution system raises the price of goods, especially imported goods, and also restricts their availability. Even with the enormous fall in the dollar, we do not see the lower yen cost of foreign goods being fully passed on to Japanese consumers. Japan's retailing law limits the size of stores, so even though a larger retailer could provide a greater variety of goods at a lower price, he can be prevented from doing so. Thus, there is underinvestment in large retail outlets.

Depressed Industries. When industries in Japan become depressed, Japan moves to subsidize them by providing specific tax benefits and loan guarantees; it also protects a number of them by organizing cartels and barring lower priced imports. Industrial users, therefore, are forced to buy the more expensive products of an inefficient domestic industry. Today, 22 industries in Japan—most of them in such basic materials as petrochemicals, fertilizers, paper, textiles, and aluminum—are classified as depressed. Recently, as the yen strengthened, the Japanese Government has instituted loan and other programs which I fear may act to keep inefficient companies in business. It is vital that such assistance, if there must be assistance, promote the rapid adjustment of enterprises out of inefficient sectors; and this is, in fact, the announced intention of the government.

Buying Practices. Many Japanese companies prefer to buy products made by companies in their own "group" or with which they have been doing business for many years. I recognize that part of the reason for this has to do with the nature of Japanese society. But the result is that outsiders, whether foreigners or Japanese, are excluded, and this prevents the end user from obtaining the best product at the best price.

Financial Markets. Japan's postwar financial structure has taken the savings of the Japanese people and diverted them primarily into industrial investment. Today, Japan's companies are

financing much of their investment from new stock issues and corporate profits. Yet Japan's high rate of savings continues, so the surplus has been moving overseas and expanding Japan's exports. Japan could put more of its savings to work at home. Yet its financial system does not effectively channel savings into their most productive uses where they would bring most benefit to the Japanese people. I believe, for example, that there is an unfilled demand in Japan for consumer credit and housing loans.

Changing Course in Japan

Japan is now at a historic turning point in its relations with the international economy. There is a consensus building in Japan that Japan must, once again, transform its economy. This time, as Prime Minister Nakasone told President Reagan last April, Japan must rely more on domestic demand as the engine of growth. Japanese Government officials and business leaders recognize that the economic and foreign trade structures of Japan, dependent as they have been on consistent trade and financial surpluses and the good will of the rest of the world, can no longer be sustained, politically or economically.

Over the last year or so, this need for change has been widely recognized. As you know, the Maekawa commission recommended not only increased market access and further liberalization of Japan's capital and financial markets but also the promotion of domestic demand and a transformation of Japan's industrial structure.

However, Prime Minister Nakasone and the Maekawa commission are not the only ones calling for change in Japan. The Keidanren, Japan's most prestigious business organization, has issued its own policy proposals, stating that transition to a totally free trade system must become a Japanese national goal. It said that Japan should remove all import restrictions, abolish all tariffs on manufactured goods, undertake thorough deregulation of its economy, and achieve openness in its administrative systems and operations. The Ministry of International Trade and Industry (MITI), in its report on the future of Japanese industry, said that Japan must open up its market further to foreign products and "positively increase" imports of manufactured goods by promoting a horizontal division of labor so that imported manufactured goods will be woven into Japan's production and consumption structures.

U.S. Views on Structural Adjustment in Japan

Such views in Japan dovetail broadly with U.S. views. While it is, of course, for the Japanese themselves to determine the particular policies and reforms appropriate to the Japanese context, the United States would like to see:

- Greater internationalization, deregulation, freedom, and openness throughout the Japanese economy; and
- The removal of those inefficiencies that characterize much of Japan's economy.

Consistent with our trade policy vis-a-vis Japan, we would also want to see:

- Broad-gauged changes in Japan that remove the policies, practices, and attitudes that discriminate against foreign companies, products, and services; and
- Japan becoming an importing superpower, not just an exporting superpower.

The point I would make is not simply that stronger Japanese growth must be generated from domestic sources if current account imbalances are to be reduced in an orderly, sustainable fashion. Rather, it is that there is a very wide range of attitudes, policies, and institutions which have contributed to the one-sided, export-oriented nature of the Japanese economy and that efforts to restructure need to take the same wide range.

I am talking about fundamental structural change in the Japanese economy—not, for example, the matter of how much more money should be spent on public works projects. Thus, I would hope Japan would undertake a thorough assessment of government policies which affect the allocation of resources among sectors and between consumption and savings. If government policies interfere with the transmission of market signals, the structure of the economy evolves in a distorted way.

Let me take the example of agriculture one more time. I have already pointed out that Japan's protectionist agricultural policy directly reduces imports and costs consumers dearly. But Japanese agricultural policy has another, unintentional effect. Price supports for agricultural products in Japan encourage continued use of scarce land for farming. This system, combined with the tax treatment of capital gains, limits the availability of land for residential purposes. The scarcity of residential

property is reflected in the very high cost of housing which makes it necessary to secure a large mortgage. But because mortgage financing is scarce, it is very expensive. Thus, in order to have affordable mortgage payments, a potential homeowner must come up with a large downpayment. The consumer's need to accumulate large amounts of saving to make a sizable downpayment and subsequently heavy monthly mortgage payments depresses the consumer goods market and also, perhaps, imports.

This is just one example of the kinds of government policies which need to be changed if Japan is to build a solid domestic basis for growth. Whatever the purpose of these policies, they clearly have significant side effects on the level and structure of domestic demand in Japan. This has consequences both for the current economic situation and for the future. A stronger, more flexible domestic market is important to meet the immediate problem of external imbalances, and also to prepare Japan's economy for the future, when newly industrialized countries will increase competition in export markets traditionally dominated by Japanese products.

Savings, Investment, and Structural Imbalances

The external imbalances I have mentioned reflect internal imbalances between saving and domestic investment. The surplus in Japan's balance of payments is essentially equal to the excess of its domestic savings over its investment. In particular, Japan's traditional fiscal, monetary, and regulatory policies may be encouraging higher saving, lower investment in housing and infrastructure, greater emphasis on export-led growth, and larger trade surpluses than more efficient, market-oriented policies might encourage. Japan's savings are large, and because its economy, except for export industries, is generally inefficient, only part of those savings is invested in Japan. A large part is invested abroad, and foreign investment in Japan is relatively low. Thus, an important step toward reducing Japan's payments surplus is to increase the attractiveness of Japan to investors—both Japanese and non-Japanese investors. This, in turn, requires drastic measures to reduce the inefficiencies in the Japanese economy.

Let me hasten to add that this is the kind of "demand expansion," not fiscal deficits or wasteful public works, that will benefit the Japanese people and also

reduce the trade imbalance—that is, expansion of the demand for investment in Japan.

The U.S.-Japan Structural Dialogue

As you know, President Reagan and Prime Minister Nakasone agreed last April that it would be useful for our two governments to discuss structural economic issues in both our countries. They both recognized that it was time to emphasize fundamental domestic imbalances that create trade and other external imbalances—and to begin to correct them. The dialogue is intended to define better the causes of bilateral and multilateral imbalances and to identify alternative solutions. In this way, it can contribute to reducing external imbalances.

For the U.S. side, a central theme for the dialogue, as we see it, is that the right policies can contribute not only to an easier adjustment by Japan to a changing international environment but, in addition, can make a much-needed contribution to the international adjustment of other countries. Structural adjustment, therefore, is now a key element of U.S. economic policy vis-a-vis Japan.

The importance of the structural dialogue to both our countries is mirrored in the high-level participation in our two meetings thus far. Both sides have been represented by at least five sub-Cabinet officials, and the Japanese have traveled twice to the United States for the meetings. My co-chairman, [Assistant Secretary for International Affairs] David Mulford of the Treasury Department, and I have been joined by Dan Amstutz, Under Secretary of Agriculture; Bruce Smart, Under Secretary of Commerce; and Michael Mussa, a member of the President's Council of Economic Advisers.

The Japanese have sent Vice Ministers from Foreign Affairs, Finance, Agriculture, MITI, and the Economic Planning Agency. In the course of the dialogue, we will be studying the evolution of the external imbalances; the macroeconomic setting in the two countries and how it contributes to the imbalances; and a number of specific sectoral questions, such as agriculture, housing, consumer credit, services, and labor markets. One way or another, the dialogue will shed some light on the principal factors that are contributing to our respective trade deficits and surpluses.

It is important to emphasize that the structural dialogue is a dialogue or exchange of ideas, not a negotiation. The United States has no particular list of requests or specific desired outcomes. Rather, we hope to bring for consideration by the Japanese the U.S. perspective on the international dimension of the problems, as well as some considerable experience with many of the issues of deregulation and market liberalization.

We have had broad experience in making our markets work better, and our experience may hold some relevance for Japan. The U.S. economy, for example, recovered so vigorously from the 1981-82 recession, in part, because we had removed many structural impediments to growth through deregulation, tax reform, and other measures. In part, too, the strength of the recovery was because, thanks to a presidential veto, we avoided the usual pump-priming measures that are alleged to create jobs. I believe that had Japan implemented similar measures 5 or 10 years ago—measures such as are now recommended in the Maekawa report—Japan would be better able to adjust to its current economic situation.

Exploiting Change

In closing, let me reiterate a point I have been making to European audiences when I discuss structural adjustment issues with them. That point is that we must recognize that change is not only inevitable but also desirable and that our futures lie in exploiting change, not hampering it.

Japan's changing, of course, is a remarkable, almost unprecedented development. There are few countries brave enough to undertake the kind of far-reaching review of what they must do to fulfill better their international responsibilities and promote their own welfare. I would stress, however, the need for timely action. No one would contend that rapid structural economic change is easy or painless. Demands for change can overwhelm the ability of a democratic political process to deal with the costs. The Reagan Administration has kept the negative forces of protectionism at bay. Recent currency adjustments will help make our products more competitive in world markets, and our trade deficits should start to shrink. But the fundamental imbalance between production and spending, both in the United States and in Japan, needs more work. Our dialogue on structural adjustment is a key part of that work. ■

U.S. Foreign Agricultural Policy and the Sugar Program

by Douglas W. McMinn

Address before the International Sweetener Colloquium in Palm Springs, California, on February 24, 1987. Mr. McMinn is Assistant Secretary for Economic and Business Affairs.

Before dealing with the sugar issue specifically, let me put it in the broader context of world agricultural policies, foreign relations, and an improved domestic farm economy.

Trade in farm products has become a major source of friction in international relations. I'm sure that comes as no surprise to you. Government price support programs, here and abroad, have severely weakened the link between supply and demand. One important result has been massive overproduction. The world's markets are glutted in nearly all major agricultural commodities. Export

prices are weak, generally speaking, and world trade (in volume terms) in farm products has contracted sharply from levels earlier this decade.

World grain sales, for example, fell from 203 million tons in crop year 1980-81 to an estimated 171 million tons in 1986-87. World production, on the other hand, shielded by government programs, has continued to climb.

In addition to excessive price support programs, government subsidies and trade barriers have become rampant in agricultural trade. Disputes are multiplying, and nagging agricultural trade issues increasingly complicate relations with our trading partners, many of whom are among our closest friends and allies.

The European Community (EC) is responsible, along with ourselves and others, for some of the major distortions in world agricultural trade. The Euro-

pean Community has built its common agricultural policy (the CAP) on a protective system that aids farmers with high price supports, stimulates overproduction, and floods its surpluses onto world markets through export subsidies. Import trade is also carefully managed, in some cases by quotas, in others through variable levies.

The Japanese have pursued protectionist policies as well, especially with respect to Japan's domestic rice, citrus, and beef producers. The result is prices to consumers in Japan many times greater than would be the case if those products were obtained abroad.

In this distorted trade environment, America's advantageous resource base, advanced agribusiness technology, and skilled and dedicated farmers really count for less and less. The value of U.S. agricultural exports has persistently declined in the 1980s, from a peak of \$43.7 billion in fiscal year (FY) 1981 to \$26.3 billion in FY 1986. Through marketing loans, the export enhancement program, and a number of other programs, the United States has resorted to subsidies to price agricultural exports at world market prices. Enormous sums are now being transferred to farm producers from taxpayers and consumers.

The question is: how can we put an end to the damage to our exports—and to world agricultural trade generally—that is being inflicted by distortive foreign and domestic agricultural policies? The answer is an obvious but difficult one. Every country must be prepared to pursue meaningful reform on both the international and domestic fronts—making agriculture more responsive to market forces.

Reform Must Include World Trade and Domestic Policies

Internationally, the United States and its trading partners launched a new round of trade negotiations last year—the Uruguay Round. Agriculture will be a focus of this new round of negotiations. We are aiming for new international rules to discipline trade in agriculture and to dismantle the traditional barriers that inhibit trade.

Domestically, agricultural nations must drastically reform their own farm programs. This is where the real breakthrough will occur. Implementation of program reform will take time, but our goal at the end of the process is a freer market. Farmers in every major country should be able to base production decisions on market signals. Now it isn't likely that every country will agree to

abandon its farm programs altogether. What we seek is that government farm programs not give incentives to overproduce and that they not distort trade. In that kind of climate, U.S. farm exports could and would expand substantially.

For its part, the Administration is submitting legislation to Congress to accelerate the process of putting our domestic programs on a more market-oriented basis. We would like our Secretary of Agriculture to have greater flexibility to reduce target prices. We would also like to pursue a policy of decoupling, where we would give farmers an option of receiving income support in a manner not dependent on production. The proposed measures would not cure all our trade problems, but they would bridle the runaway growth of stocks in the United States and reduce overall program costs.

The Sugar Program

The international sugar market has mirrored, in many ways, the ills of world production and trade in agricultural products generally. Production spurted in 1981–82 in response to very high prices the previous 2 years. Since then, world markets have been unable to absorb the excess stocks built up in that year and the following one. Despite world market prices depressed below costs of production in almost every producing country, government support programs have prevented any appreciable drop in production. Although global production and consumption of sugar are now roughly in balance, forecasters predict no significant improvement in world sugar prices due to excess stocks.

The sugar programs of the European Community and the United States are by far the main sources of distortion in the world's sugar market. The European Community has a tightly controlled sugar system. Although limited through internal quotas, EC production is millions of tons greater than would be the case without high domestic price supports. The EC also provides preferential access to its market to certain developing countries of Africa, Asia, and elsewhere. Since production in the EC exceeds demand, the Europeans subsidize the disposal of sugar exports in third markets, competing with more efficient producers. The result is a system which inhibits comparative advantage, adds to consumer costs, and is a major factor depressing world prices.

It is difficult to put a precise figure on the impact of European Community policies on the world sugar market. As a rough order of magnitude, however, the EC was a net importer of about 1 million tons of sugar in the early 1970s. Net EC sugar exports are now nearly 3 million tons. Thus, the swing from net importer to net exporter has been about 4 million tons, and this may considerably understate the effect of EC sugar price supports on its production.

The high sugar price supports written into U.S. law by the 1981 act have had, predictably, much the same effect on domestic production and on the world market as the European Community's program. In 1980, before the present sugar program was written into law, annual sugar consumption in the United States was 10.2 million tons. Domestic production was 5.7 million tons, and imports of 4.7 million tons made up the difference. In 1980, sugar still commanded 67% of the caloric sweetener market in the United States, despite inroads from corn sweeteners during previous decades.

Since 1980, production under the sugar program has increased 10% to 6.3 million tons. This is high-cost sugar. The average cost of refined U.S.-grown beet sugar was about 22¢ per pound in 1984; raw cane sugar cost about the same. In the Caribbean and Central America, the production cost of cane sugar would be in the range of 12¢–15¢ per pound for efficient producers. Nevertheless, imports for domestic consumption will fall to about 1 million tons this year, down nearly 4 million tons in just 6 years. By 1986, U.S. sugar consumption had dropped to 7.8 million tons—a market loss of 2.4 million tons since inception of the 1981 sugar program—as high-fructose corn syrup (HFCS) captured the soft drink market and virtually every other industrial use suitable for liquid caloric sweeteners. Although there is some room for debate, it seems likely that the United States will become a net sugar exporter over the next 2–4 years if there is no adjustment to the program.

Program Costs. The cost of our sugar program, taking into account all factors, is extraordinary.

For the food processing industry, the program costs a bundle and gives another edge to foreign competition. We are now importing more sugar in the form of foods which used to be processed in this country. From FY 1982 to FY 1986, the sugar entering the United States in the form of blends and products increased by 300,000 tons. I don't

need to belabor the point to many of you in this audience.

U.S. consumers will have to shell out about \$3.2 billion extra this year for sugar and for products containing sugar or corn sweeteners, as a result of the difference between U.S. and world market prices.

The sugar program also imposes an enormous strain of adjustment on foreign suppliers, many of whom are friendly nations that face severe economic difficulties and, in some cases like the Philippines, confront dangerous political challenges as well. U.S. sugar imports in 1981 were valued roughly at \$2 billion. This year, the figure will be about \$390 million. For our Central American neighbors—who have endured an economic slump throughout the 1980s and, in two countries, are struggling with communist-led insurgencies—the negative effects of the sugar program are large in comparison with the trade benefits in the first several years of our Caribbean Basin Initiative, an initiative aimed at promoting economic development. Foreign exchange earnings are not the whole story. Jobs lost in sugar, a labor-intensive industry, cannot easily be made up in new industries. As our market has become closed, some of our traditional suppliers have become more dependent on the Soviet market than on us to earn critically needed foreign exchange from sugar.

Impact on Suppliers. The impact on our suppliers probably stands out in boldest relief in the case of the Dominican Republic. In 1981, exports to the United States of almost 750,000 short tons earned roughly \$330 million for that country. Total sugar sales amounted to more than one-third of total export earnings. This year's quota of 160,000 tons for the U.S. market will bring in about \$65 million—about one-fifth as much. The Dominican Republic recently signed a long-term agreement with the Soviet Union, which, for several years now, has been a larger buyer of Dominican sugar than the United States.

The Philippines, our second largest supplier, will earn about \$70 million less this year than in 1981 from sugar sales to the United States. While the decline in earnings is not as dramatic as in the Dominican case, the Philippine sugar industry is concentrated in an area where economic conditions have contributed to the strength of a significant communist insurgency.

The U.S. sugar program, as we all know, is a corn program as well. HFCS has already captured the markets in

which a syrup is technically suitable, and these constitute half of the caloric sweetener market. This could never have been done without the price umbrella provided by the sugar program. Before very long, the corn sweetener industry could invade sugar's remaining markets in the United States with crystalline fructose. Some experts believe that, in high volume, crystalline fructose could be produced competitively at the current domestic price of sugar, if that price were considered secure.

The Need for Reform. If the sugar program is such bad economic policy, so costly to consumers and to our foreign policy objectives, what national interest does it serve? Frankly, I see none. The normal justification for protecting an industry from import competition, which this Administration strives to do only in exceptional cases, is to allow temporary breathing room to cut costs and adjust to competition. The sugar industry, however, is not undergoing any adjustment process. Quite the contrary, the sugar program is drawing new resources from other uses into inefficient sugar production. Many farmers are in the business solely as a result of the artificial support price. The average return per acre nationwide, including program benefits, is \$279 for beet sugar and \$168 for cane. The return for corn production is somewhat comparable at \$155 per acre, but similar figures for wheat and soybeans are in the range of \$60–\$80 per acre. The income of the average sugar producer (about 12,500 in number) is increased by nearly \$200,000 every year at the consumer's expense. Furthermore, unlike major crop programs, sugar price supports cannot be reduced progressively under present law. Thus, as other crop programs inch toward market pricing, the incentive to produce sugar grows greater every year.

What we have, then, is an agricultural program where the need for reform is urgent. The Administration has developed a program for reform. The main features of the Administration bill, which is being readied for submittal to Congress, are, first, a reduction of the loan rate from 18¢ per pound to 12¢ per pound. There would be a direct payment keyed to a historical base, beginning with 6¢ per pound in FY 1988 and phased out over 5 years. A limit would be placed on payments to the largest producers. Also, the requirement that the program be cost free to the U.S. Government would be deleted.

Sugar producers are obviously not going to carry the banner for lower

prices. That puts the ball in the hands of the domestic and foreign parties that will benefit from sugar policy reform. An especially important constituency is the industrial users of sugar and competing sweeteners.

There is also a case to be made to sugar producers. It does not make sense, even for them, to try to hang onto the present program forever. Some resources simply must be taken out of sugar.

- Without a sugar price umbrella, HFCS would not have made such swift and extensive inroads on domestic sugar markets. If deprived of a sugar price umbrella, crystalline fructose would probably not go beyond its present status as a high-cost specialty item.

- Imports have borne the brunt of HFCS competition thus far. But in just a few years, imports will be squeezed out entirely, and the sugar industry might have to live with curbs on production.

- Some producers are marginal, even at current prices. With the right incentive, they might want to get out of sugar and grow something else.

- I also think there is a sense of basic fairness to which we might appeal. It is hard to defend protection for sugar at levels significantly more favorable than for other crops.

Conclusion

Government agricultural policies, both here and abroad, have distorted world production patterns, imposed tremendous costs on consumers and other sectors of the economy, and severely strained relations among trading nations. Many countries, but particularly the EC nations, share with us the blame for creating these damaging conditions.

Likewise, all countries, including ourselves and the EC nations, share the responsibility for correcting matters. Multilateral action is required to design rules that will discipline trade in agriculture. At the same time, every country must reform its own domestic programs. The Administration has taken the first step in this regard: we have developed an agricultural reform package to make U.S. agriculture more market based. The EC and other countries must also begin the process of dismantling the distorted policies they have created.

Sugar is a specific case where the economic and foreign policy damage inflicted by government agricultural policies is particularly severe. The costs to consumers, the distortions to the U.S. economy, and the foreign exchange and

job losses suffered by important allies are large and unsustainable. The need to reform government sugar policy is acute.

Unfortunately, the facts concerning the costs of our sugar policy are not as widely known as they need to be. The

U.S.-Soviet Relations

by John C. Whitehead

Address at the Forum on U.S.-Soviet Trade Relations on March 5, 1987. Mr. Whitehead is Deputy Secretary of State.¹

It is a pleasure for me to see so many familiar faces, and to have an opportunity to address this final session of the Forum on U.S.-Soviet Trade Relations. I would like to share with you my views on where U.S.-Soviet relations stand in the sixth year of this Administration.

Principles

Early in his Administration, President Reagan articulated an approach for dealing with the Soviet Union. He based this approach on the principles of realism, strength, and dialogue.

He insisted on a more realistic assessment of the Soviet Union. We recognize that the Soviet Government professes an ideology that conflicts with the beliefs and values of the American people and this government. We recognize that both we and the U.S.S.R. vie for influence around the world. This means that competition and periodic tensions are—and are likely to remain— inherent in our relationship.

The President bases his approach on the need for Western strength in word and deed. Over the last 6 years we have worked hard to develop a Western alliance that is economically healthy, politically united, and militarily strong. We are now in a position to deal with the Soviets from a position of renewed strength and confidence.

The President also called for dialogue with the Soviets when it is in our interest. Realistically, we cannot ignore each other. Dialogue means working with the Soviets whenever it is in our interest to do so. While we must be ready to meet all Soviet challenges, we will at the same time search, wherever possible, for common ground. We must try to work out our differences where possible, and to manage them where they appear irreconcilable.

challenge for all of us is to increase the public understanding of the costs to ourselves and others of the current U.S. sugar program and the tremendous benefits of a reformed U.S. sugar program. ■

Four Challenges:

President Reagan insisted on taking a broad, long view of the relationship; he insisted that the United States focus not just on arms control, but on other areas that affect superpower relations. Despite initial Soviet resistance, we have slowly succeeded in engaging the Soviets in discussions in all four areas:

- First, arms control, because of its obvious significance to mankind;
- Second, regional issues, because Soviet behavior in the developing world threatens Western security and global stability;
- Third, human rights: we have insisted that human rights be on the agenda. Americans feel strongly about human rights and we can't isolate our concern from the rest of the relationship; and
- Fourth, in our bilateral contacts with Soviets, we have focused on ways to make exchanges work more to our advantage.

Let me talk in a bit more detail about how we view the four dimensions I have identified in U.S.-Soviet relations.

Arms Control

Year in and year out, it is arms control that attracts the most attention. Given the sheer complexity of the issues involved, and the consequences of miscalculation, it is certainly an area of great challenge. We have sharp differences with the Soviets over arms control, but at the same time, we have made considerable progress, both at Reykjavik and in Geneva.

At Reykjavik, the leaders of the United States and the Soviet Union discussed dramatic cuts in nuclear weapons—a longstanding, bipartisan U.S. objective. Some have taken issue with some of the ideas that were discussed. But no one can take issue with the fact that Reykjavik was a watershed, a turning point in the way we negotiate and over what we negotiate in arms con-

trol. Just this past weekend, the solution on INF [intermediate nuclear forces] that was worked out at Reykjavik came a step closer to implementation.

We are heartened that the Soviets finally have fallen off their insistence that INF negotiations must be tied to an overall settlement of all arms control issues. We welcome General Secretary Gorbachev's statement of Soviet willingness to conclude a separate agreement on INF without delay. This has long been the U.S. position, and we are prepared to move ahead promptly.

The U.S. [negotiators] tabled our draft INF treaty this week in an effort to move the talks forward, building on the agreement reached at Reykjavik. We hope the Soviets now are ready to negotiate seriously with an eye to concluding an INF treaty in the near future. A number of issues remain, including the treatment of shorter range missiles and provisions for verification and inspection. Our team in Geneva is ready to tackle these questions.

While we welcome this progress in INF, we continue to press for completion of a START [strategic arms reduction talks] agreement reducing strategic weapons. Here again considerable progress was made in Reykjavik, and every effort should be made to complete a treaty in this area. The Soviets continue to link progress in START to agreement in effect to walk away from the SDI [Strategic Defense Initiative] program, and this we will not do. But our teams in Geneva continue to work hard on all of these subjects.

Regional Issues

When we look around the world, we find sharp differences between what the Soviet leaders are saying and what is actually happening on the ground. Afghanistan, Central America, Southeast Asia, and Angola are all problem areas.

Our own objectives are clear and straightforward. We are determined to take the steps necessary to protect our interests and to work with our friends and allies around the world in the cause of peace and freedom.

As one means of pursuing those objectives, we have developed during this Administration an important regional dialogue with Soviets. It is a dialogue aimed at ensuring that Moscow understands our views—and our determination to resist Soviet expansion. Combined with a demonstrated willingness to defend our interests on the ground, such a regular, frank series of

exchanges can reduce the possibility of future confrontations and miscalculations. Under Secretary [for Political Affairs Michael H.] Armacost will begin a new cycle of meetings on regional issues later this month.

Experience has shown that local factors often decide the outcome of Soviet regional policy. Something of that sort may be happening in Afghanistan, although there is cause for skepticism. But keeping channels of communication open can affect Soviet decisionmaking.

Afghanistan

With the Afghan New Year and Afghanistan Day 2 weeks away, I want to say a few words about Afghanistan and underscore the strength of this Administration's views on the Soviet occupation there.

Almost 8 years of conflict have resulted in countless thousands of civilian casualties and enormous devastation to what once was a peaceful, nonaligned country. Soviet-backed forces even bomb towns in neighboring Pakistan. However, after these 8 years, the Soviets exercise less control than before and are forced to back an unpopular puppet government that is split into warring factions. The resistance has shown itself increasingly effective militarily, to the surprise of some skeptics. The Afghan people have shown they will not submit to a puppet regime.

Inside the U.S.S.R., the war is unpopular. The Soviets say they want to find a way out. Whether they mean what they say is less certain. Thus far, they do not appear ready to withdraw their troops and allow Afghanistan's future to be decided by the Afghans. We hope they will conclude that they should withdraw. If they do, they will find the United States no obstacle to such an outcome.

Human Rights

No discussion of our relationship with the Soviets would be complete without human rights. Because of our nation's history, because of our commitment to human rights and civil liberties, Soviet human rights abuses inevitably color our attitude toward the Soviet Government.

Human rights are not simply a bilateral issue, but a matter of international commitments freely undertaken by the Soviet Union in signing the Helsinki Final Act and other international agreements.

We keep telling the Soviets that steady, significant progress in human

rights is needed if there is to be a sustained turn for the better in U.S.-Soviet relations. We see some evidence our message has begun to get through. The picture is mixed since there is so much that needs to be done, but we have seen some encouraging signs.

Some prominent human rights cases have been resolved—Andrey Sakharov was released from internal exile; and psychiatrist Anatoliy Koryagin, poet Irina Ratushinskaya, and Jewish activist Iosif Begun were freed before the end of their terms. Last year the Soviets allowed Anatoliy Shcharanskiy, and eventually his family, to emigrate.

In January, the Soviets announced the release of an additional 140 political prisoners and said they were reviewing the cases of 140 more.

We see mixed but more hopeful signals on emigration. On the eve of the current review conference on European security and cooperation in Vienna, new emigration regulations were published. But we are concerned by the small number of people being allowed to emigrate. Jewish emigration has dropped sharply since 1982 and has been low ever since: only 914 last year (compared to the peak of over 50,000 in 1979).

Soviet officials have hinted emigration will rise in 1987. They claim that 500 Soviets received permission to emigrate in January, which would be a sharp increase over previous months. We cannot yet confirm this figure, but we do see indications of an upturn. We hope that any rise in emigration will be both significant and sustained. Meanwhile, an unprecedented number of U.S.-Soviet divided family cases have been resolved in the last year; 20 of 28 separated-spouses cases have now been resolved.

We have witnessed what could be the start of a welcome new openness in the cultural area, with previously banned books and films being released. These steps stem primarily, in our view, from Soviet internal political dynamics. To the extent these developments represent the first tentative steps toward a more genuinely tolerant society and expanded freedom of expression, Americans can only welcome them.

Bilateral Agenda

Bilateral affairs are perhaps the least visible but more active area of interaction. Over the past year, scientific and cultural exchanges and people-to-people contacts have expanded steadily.

- Civil aviation links have been reestablished.

- An exchange of consulates in New York and Kiev is being implemented.

- We've increased cultural exchanges. We are actively working on other exchange programs in medicine, science, education, and sports.

- All of this is taking place despite developments such as the Daniloff affair and our measures to rein in Soviet espionage activities in the United States, which in the past could have put a damper on relations.

- That's because we've insisted that our bilateral relations be firmly grounded in *our* interests and on reciprocity.

Economic Relations

Let me now say a few words about U.S.-Soviet economic relations. I come from the business community and have not lost my deep interest in international trade. Trade with the Soviet Union has its particular fascinations and frustrations. Most Americans believe we should trade with the Soviets. It seems to me that more trade between us is better than less trade. More trade means more integration of the Soviet economy into the outside world, and stronger pressures on them to maintain a peaceful relationship with that world.

At the same time, we must not permit the leakage of sensitive technologies with clear military applications. And we must avoid sending signals we do not mean to send in areas, such as human rights, that for a variety of reasons have become associated with trade. Thus, in U.S.-Soviet trade we must balance a number of important, equally legitimate interests.

People may differ on where we draw the line. But the rapid pace of today's technological advancement, quickly changing market conditions, and human rights developments suggest that we should be thoughtful and realistic in drawing such lines.

There are some reference points. The President has said he favors non-strategic trade with the Soviets. Secretary of Commerce [Malcolm] Baldrige and Soviet Foreign Trade Minister [Boris] Aristov met here a few months ago and took positive steps in that direction. Just last week I spent an hour with his deputy. This Administration looks for more opportunities to build on recent progress we have made.

It is evident that Gorbachev is not satisfied with the Soviet economy and wants to find some way to improve it. Ministries have been reorganized; state committees or super-ministries created to deal with broad sectors of the economy; new laws on domestic private

enterprise have been passed and fledgling steps in the direction of democratic reforms are being introduced in the workplace; new faces are appearing.

Some changes affect the way the Soviets conduct foreign trade. New regulations have expanded the number of ministries and enterprises that can have direct contact with foreign firms and new laws have appeared on joint ventures. We have heard new words from the Soviet leadership, and in many cases they are interesting. We will need to see the resulting actions before we can draw meaningful conclusions.

A number of U.S. business firms are actively discussing joint venture projects. Provided such projects make sound business sense to the U.S. companies and comply with our export laws and regulations, they could be one way of expanding our trade and commercial relations. For our part, we have eased some restraints that outlived their purpose and that unnecessarily impeded U.S.-Soviet trade.

As you know, in January we allowed foreign policy controls on the export of oil and gas equipment to the U.S.S.R. to lapse. The U.S. oil and gas industry now has an opportunity to compete for Soviet markets on a more level playing field. We hope we will see concrete results of that decision in the coming months. We will be watching developments closely.

As an additional step, we and our allies are reviewing current export restrictions in hopes of simplifying the list of prohibited items and speeding up the licensing process.

What about Jackson-Vanik? Do the improvements we have seen in human rights give grounds to expect MFN [most-favored-nation] status for the U.S.S.R. in the near future? At this point, the answer has to be "no." What we have seen so far are promising trends—or, more precisely, the beginnings of what we hope will be trends. We don't know if they will continue; we don't know how significant they will be. Time will tell and enable us to make an intelligent call on Jackson-Vanik and similar legislation further down the road.

In short, we face many challenges: in arms control, regional issues, human rights, and bilateral affairs. No one said it would be easy. But if the Soviets are interested in improving relations, we are ready to work with them to build a more stable relationship, sustainable over the long term. This is a time of challenge, but also of great opportunity. We look forward to tackling those challenges, and building on those opportunities.

The U.S.-Soviet Bilateral Relationship

by Mark R. Parris

Address before the Kennan Institute for Advanced Russian Studies on February 25, 1987. Mr. Parris is Director of the Office of Soviet Union Affairs.

The announced theme of my talk today is "U.S.-Soviet Relations—Where Do We Go From Here." With apologies to Mark Katz [Research Associate at the Kennan Institute], with whom I agreed on that subject in a hurried telephone conversation, that's not what I'd like to talk about today—at least not directly.

Rather, I want to focus on an aspect of our relations which is too often overlooked—the U.S.-Soviet bilateral relationship. All of you here are aware of the four-part agenda that the Reagan Administration has insisted upon in its discussions with the Soviets over the past 6 years—arms control, human rights, regional issues, and, almost always in last place, bilateral affairs. Let's face it: arms control invariably grabs the headlines in our relations; human rights grab our emotions; regional crises demand our attention. But unless you work on the Soviet desk, it seems, bilateral matters generally miss the boat. I believe this has created a skewed view of the superpower relationship. Today, I hope to redress at least some of the balance.

U.S.-Soviet Relations and Detente

U.S.-Soviet bilateral relations comprise the day-to-day, nuts-and-bolts, face-to-face aspects of our relationship. They include our consular, cultural, and commercial relations. They involve the maintenance, staffing, and protection of our respective diplomatic missions and the conduct of our respective mission personnel. And they include exchange programs and bilateral cooperation in a variety of fields, from science and technology to search and rescue. These may strike some as fairly mundane matters. This audience will know better. Many of you, over the years, have been intimately involved in some of these activities. I think you will also be aware of how contentious the various issues which make up our bilateral relations with Moscow can sometimes be.

As I was preparing my remarks for today, I happened to come across an old pamphlet published by the State Department in the mid-1970s during the height

of detente. In reading through it, I came to a passage proudly proclaiming that 58 of the 105 bilateral agreements concluded between the United States and the Soviet Union since relations were established in 1933 had been signed during the preceding 5 years. These included agreements on cultural exchanges, science and technology, environmental protection, medical science and public health, space, agriculture, transportation, atomic energy, artificial heart research, energy, and housing. Every one of these agreements, and 41 agreements in all, were concluded in the 2 years prior to the pamphlet's publication.

As all this suggests, the expansion of bilateral relations was considered an essential feature of detente. It was part of a strategy of involving the Soviet Union in an embracing network of agreements that would serve to restrain aggressive Soviet behavior and lead to a safer and more stable relationship. This was an interesting strategy and perhaps, at the time, even a defensible one. After all, it had never been tried before. The only problem with it was that it did not work the way it was supposed to.

Historians can debate the reasons for this. Certainly one factor was the determination of the Soviet Union to act in its self-interest, regardless of the number of agreements it had signed with the United States. This was, perhaps, not surprising. But certainly the United States could not ignore an unprecedented military buildup far exceeding that needed for defense or the use of Cuban surrogates in Angola and elsewhere. Nor were we capable of ignoring the crushing of the Soviet human rights movement following the signing of the Helsinki Final Act. In any case, by the time the Soviets invaded Afghanistan in late 1979, we were looking around for a term other than "detente" to describe our approach. Hopes for ratification of the SALT II [strategic arms limitations talks] Treaty had been dashed. And as the Soviets pursued their war against the Afghan people, what had been an extensive network of bilateral agreements was stripped back to skeletal dimensions.

¹Press release 56 of Mar. 6, 1987. ■

Reconstructing the Bilateral Relationship

The failure of detente was very much on the mind of the Reagan Administration when it assumed office in early 1981. No one questioned the need to maintain a relationship with the Soviet Union in a nuclear age. But we were determined to establish a relationship free from the illusions that had doomed detente.

In considering how the relationship should look, we were determined not to place too much of the burden on arms control. Arms control agreements—or the pursuit of them—cannot, by themselves, create a stable or satisfactory relationship. That was the lesson of SALT II. There are too many other areas in which our interests intersect, conflict, and must be managed if stability is to be maintained. There was general agreement, therefore, on the need to draw the Soviets into dialogue on issues which had, in the past, complicated our relationship—such as regional issues and human rights—even as we sought to identify areas where cooperation was in our interest. Thus, the four-part agenda I referred to.

Compared to the rather utopian aims of the detente era, this was a modest goal. We sought not to end conflict—that was a fool's errand—but to manage conflict by engaging our adversary in conversation, and sometimes in agreement, across the full spectrum of our relations. The broader the relationship, the more extensive our contacts, the clearer each side's perception of the other's interests could be expected to be and the more likely we would be to avoid direct confrontations. The more likely it would be, moreover, that any agreements reached would be based on real interests which could survive the inevitable shocks and swings of a relationship between global rivals.

In this framework, our bilateral relationship has been an understated but important element. At the beginning of the Reagan Administration, as I've said, it was essentially a skeleton. Most of our bilateral agreements had either been allowed to lapse or been convenient grist for sanctions in the aftermath of Afghanistan. Those that remained in force were operating at only 20% of the pre-Afghanistan level. The imposition of martial law in Poland resulted in further erosion of the bilateral framework.

So we were largely starting with a clean slate. In starting over again, we sought to profit from some of the experiences of the detente era. There

was a perception that many of the bilateral agreements negotiated during the period had not always served our interests. The fact that so many had been singled out so quickly for sanctions was evidence of this. In retrospect, there appeared to have been a pursuit of quantity at the expense of quality. The pamphlet on detente I quoted from earlier seemed to take as much pride in numbers as in substance. We have consciously sought to reverse this priority. Our objective has been to conclude agreements with the Soviets only where they can demonstrably be shown to be in our interest. For example, in negotiations on the reestablishment of direct air connections between our two countries, we were determined to avoid situations in which Aeroflot could systematically undercut Pan Am—a situation which, in the 1970s, led to Pan Am's abandoning the Moscow market. We held out for, and achieved, mechanisms which guaranteed Pan Am a fair shake financially. Our first priority thus has been to base our approach on a clear understanding of our interests.

Another has been to reconstruct the bilateral relationship on the basis of greater reciprocity than had been the case in the past. This attitude stemmed from another legacy of the detente era. In our efforts to move the Soviets into agreements, we had too often gone out of our way to please and sometimes took pains not to offend—often without any reciprocal benefit from the Soviet side. The most visible symbol of this phenomenon was Ambassador Dobrynin's personal pass to the Department of State parking lot. The issue was not Ambassador Dobrynin, a diplomat's diplomat who has always been respected by his interlocutors at the Department of State. It was the onesideness in the treatment accorded our respective missions and mission personnel.

U.S. travel restrictions on Soviet diplomats and other representatives in this country, to take another example, were much less severe than those on our people in the Soviet Union. Soviet diplomats could freely rent housing on the U.S. market, while U.S. diplomats in the Soviet Union found the conditions of their housing tightly controlled by uncooperative Soviet authorities. More ominously, the Soviets had been able, over the years, to build up their espionage presence in this country to truly serious proportions, while we continued to abide by the rules of the game. By being nice guys, we only encouraged the Soviets to take advantage of us. We've since made clear that we're prepared to be just as nice as they are.

Given our determination to enforce reciprocity and seek agreements only when clearly in our interest to do so, the process of reconstructing the bilateral relationship was likely neither to be quick nor easy. In the beginning, it proved easier to implement reciprocity than it did to negotiate favorable agreements. Ambassador Dobrynin's parking pass was the first thing to go. This was followed, in 1983, by the creation of the Office of Foreign Missions, established precisely to ensure the reciprocal treatment of our missions and mission personnel abroad. The first act of the new office was to initiate controls on the travel of Soviet diplomats designed to be every bit as efficient as the controls on our people in the Soviet Union.

These actions did not endear us to our Soviet colleagues, but neither did they elicit retaliation. Perhaps this in itself was tacit admission of the imbalance that had prompted them. In any case, our objective is not simply to make life miserable for our Soviet colleagues. No one wins from that kind of game. Our purpose was—and is—to ensure that each side's diplomatic missions are able to function as effectively as possible.

Raising the level of dialogue on bilateral issues, and exploring possibilities of agreement, was a more difficult task. As I noted, preliminary attempts to do so were not helped by the imposition of martial law in Poland in December 1981, or by the Soviet walkout from Geneva and the shootdown of the KAL [Korean Air Lines] jetliner in 1983. But our efforts began to bear fruit in the summer of 1984. A round of Consular Review Talks, delayed in the aftermath of KAL, produced an exchange of notes. The agreement, by which we gained two additional Soviet entry/exit points for our diplomats and some useful guarantees on the issuance of official visas, was modestly useful. But it was notable primarily for the fact that it was the first U.S.-Soviet bilateral agreement since the invasion of Afghanistan.

At the same time, in a June address sponsored jointly by the Kennan Institute and the Wilson Center—an address many of you would have heard—President Reagan enumerated a number of proposals aimed at significantly broadening our bilateral dialogue. The President proposed negotiations on a new exchanges agreement to replace the one allowed to lapse after the invasion of Afghanistan. He called for renewed talks on opening consulates in New York and Kiev and for

the revival of cooperative agreements in environmental protection, housing, health, and agriculture. The Soviets responded. Shortly thereafter, negotiations began on a new exchanges agreement. Talks subsequently began on a number of the other bilateral issues the President had raised as well.

The improvement in atmospherics resulting from these bilateral developments helped pave the way for the resumption of arms control negotiations in Geneva early in 1985. The return to Geneva, in turn, gave added momentum to the bilateral relationship and made possible the subsequent agreement to hold a summit meeting in Geneva that November.

The weeks and months leading to the summit witnessed the most intensive bilateral discussions since the early 1970s and produced a number of agreements that have had a lasting effect on the bilateral relationship. We signed a new general exchanges agreement, marking the resumption of official academic, cultural, and performing artist exchanges between our two countries. The Soviets agreed to President Reagan's proposal for a massive increase in people-to-people contacts. We signed an agreement on North Pacific Air Safety aimed at preventing a recurrence of the KAL disaster. We agreed on the simultaneous opening of consulates in New York and Kiev. We agreed to work together with other nations to perfect the use of nuclear fusion for peaceful purposes. And we agreed to renewed consultations on environmental protection.

Bilateral Agreements and Exchange Activities

In the 15 months since Geneva, our bilateral relationship has continued to expand. Significantly, it has done so despite periodic problems, both here and in other areas of U.S.-Soviet relations, that might have doomed progress in earlier times. In April 1986, a civil aviation agreement was signed leading to the resumption of commercial airline service. In October, a new bilateral civilian space agreement was reached *ad referendum*. Under the leadership of Ambassador Steve Rhinesmith, the people-to-people exchange initiative agreed to at Geneva has made dramatic headway in bringing more, and more varied, participants from both sides into contact with one another. A September conference in Riga, Latvia, sponsored by the Chautauqua Institution, brought 200 American citizens together with 2,000 of

their Latvian and Soviet counterparts to discuss U.S.-Soviet relations. A similar conference is planned for New York this August. The U.S.-Soviet sister-cities program is being expanded from 6 to 16 cities over the next 2 years and to 25 cities over the next 5 years. The Soviets have also agreed to the largest exchange of young people in our history, including, for the first time, a minimum of 150 students of high school age. Commitments have also been made for exchanges of young professionals in a number of areas, including agriculture, stock breeding, and medicine.

Activity under existing agreements—such as housing, medical science, and public health—has been stepped up. Last November, HUD [Housing and Urban Development] Secretary Pierce led a large delegation to Moscow in an effort to expand and promote activities falling under the housing agreement. Surgeon General Koop and National Institutes of Health Director Wyngaarden both made trips to the Soviet Union last fall to prepare for the first meeting under the medical science and public health agreement since 1978. The meeting, to be held in Washington this spring, will consider proposals aimed at improving cooperation in such areas as cancer and heart disease research. In addition to renewed activity in these areas, we are also exploring the possibility of talks on cooperation in basic science research, in transportation, and in energy.

Are we falling into the trap of sacrificing quality for quantity? No; throughout this Administration we have steadfastly avoided agreement for agreement's sake. In our negotiations before and after the Geneva summit, we have been prepared to walk away from agreements that we consider too vague or inadequate in terms of U.S. interests. And we have set up an extensive machinery within the U.S. Government—including State, the NSC [National Security Council], the FBI [Federal Bureau of Investigation], the Defense Department, and various other agencies—to scrutinize any potential agreements. That process can be frustrating, but it has produced some good results. The agreements we have reached, and the negotiations we have pursued, have been undertaken because we believe that the United States has something to gain.

Those gains are not always tangible. A major motivation in pursuing cultural and people-to-people exchanges, for example, has been to help remove the artificial barriers the Soviet Government

has placed on its citizens and to promote mutual understanding. We believe that increased contacts with American citizens will help to remove the distorted stereotypes of America that Soviet citizens have received from their own media. We believe they will help Soviet citizens learn how deeply we feel about such issues as Afghanistan and human rights and that these are not artificial problems. We don't have any illusions that these contacts will bring about major changes in the Soviet Union overnight. But I'm convinced it would be a mistake to underestimate the impact which exposure to thousands of Americans over an extended period can have on Soviet attitudes throughout the system. And at a time when the official line is "openness," may not the potential impact of such exposure be even greater? American access to the Soviet Union, its institutions, and its people will, in turn, give our people a more complete understanding of Soviet strengths and weaknesses and, therefore, a more complete assessment of the Soviet challenge to the United States.

In some cases, we have identified and are realizing concrete benefits from our expanding bilateral relationship. In promoting increased science and technology exchanges, we have been particularly careful to ensure that they have real scientific merit, bring tangible benefit to the United States, and are carried out on the basis of full reciprocity. We have emphasized exchanges in areas, such as nuclear fusion and the basic sciences, where the Soviets have knowledge and skills we can benefit from. We have avoided exchanges where there is a serious possibility of technology transfer which could adversely affect our security or where the gain is predominantly on the Soviet side. We have insisted that exchange activities be balanced in terms of number of visits, information exchanged, financial burdens, and the conditions of treatment for exchangees. And we've worked closely with American participants in such exchanges to make sure they meet their needs. These are the kinds of exchanges the President was talking about in his 1984 speech. They are in our interest, and we will continue to pursue them.

In addition to exchanges, there has been a steady body of achievement resulting from our expanding contacts on bilateral consular and administrative issues. Last spring, we proposed establishment of a Bilateral Review Commission that would meet annually to review outstanding problems in this

basic but increasingly important area of our relationship. The Soviets agreed to hold a trial run in Moscow last July, and a wide range of issues was discussed, ranging from diplomatic immunities, to customs inventories, to embassy construction. These are the kinds of issues which no one notices when they work; but the furor over the new office building in Moscow shows the impact they can have when they don't. Both sides found the session useful and subsequently agreed formally to establish the commission at the Vienna meeting between Secretary Shultz and Foreign Minister Shevardnadze last November. A second session is currently scheduled for late March.

The first session in July also spun off a round of consular review talks, which were held in late October. This round, like the one in 1984, also produced an exchange of notes, this time extending criminal immunities to the families of our respective consulate personnel—a small step, but one of many.

Realism and Resiliency

Perhaps the most remarkable aspect of all this bilateral activity has been the fact that it has continued at a brisk and steady pace despite setbacks and disappointments in other areas of U.S.-Soviet relations. The Bilateral Review Commission, for example, was agreed to at the same Vienna meeting that failed to build on the arms control progress made at Reykjavik. The Reykjavik meeting itself produced agreement on an ambitious bilateral work schedule, and there has been no diminution in bilateral activity in the wake of the ongoing Soviet propaganda offensive against SDI [Strategic Defense Initiative]. Nor has our continuing effort to enforce reciprocity in our bilateral relations impeded our attempts to make progress elsewhere.

A centerpiece of this effort, of course, has been our insistence on reducing the unacceptable Soviet espionage presence in this country. In March 1986, we insisted on a dramatic reduction in the size of the Soviet Mission to the United Nations. Last October, the size of the Soviet missions in Washington and San Francisco was reduced to parity with U.S. diplomatic missions in the Soviet Union, ending a long imbalance.

These decisions were not made lightly, nor were they made with the intention of damaging bilateral relations. But they do illustrate what, on occasion, must be done to maintain a bilateral relationship in which our own interests are given the

necessary weight. As you know, the Soviets took retaliatory measures to our October reductions which have made the operation of our missions in the Soviet Union somewhat more difficult. The retaliation was not unexpected. But it was a price we were prepared to pay. And, again, our firm steps in this sensitive area have not taken on broader significance. This is, I think, a good indication of the underlying resiliency of the more realistic bilateral relationship we have sought to establish over the last few years. Both sides deserve credit for it.

David Shipler wrote recently in *The New York Times* of a creeping inertia in U.S.-Soviet relations. From our vantage point, I can assure you I don't see it. Across the agenda we've defined, there is movement; there is dialogue; there is an active interchange of ideas and contacts. That is nowhere more true than in the area of bilateral affairs. I have no doubt, based on my 9 years in the area, that there will be more shocks like the Daniloff affair, KAL, maybe even Afghanistan. I believe we have established a solid, realistic basis in our bilateral relations for weathering these episodes. I believe that the progress we have made in this area over the past several years will be enduring progress, because it reflects our national interests. ■

FY 1988 Assistance Requests for Europe

by Rozanne L. Ridgway

*Statements before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on February 3 and March 3, 1987. Ambassador Ridgway is Assistant Secretary for European and Canadian Affairs.*¹

FEB. 3, 1987

I am pleased to be here again this morning as part of our ongoing discussions with your subcommittee. I am here with you today to discuss at greater length our relations with Spain and Portugal, particularly as they relate to security assistance. I look forward to returning in the near future to have a similar discussion about Greece and Turkey.

U.S. interests have been well served in recent years in the Iberian Peninsula.

First, we have seen a successful transition of two of our close friends to stable democratic institutions. We are pleased to see that both Spain and Portugal have developed strong, viable democracies.

Second, the momentum toward greater political and economic integration of our West European allies has accelerated. Spain and Portugal on January 1, 1986, began the process leading toward full economic integration into the European Community.

This was followed in March by the historic decision of the Spanish people in a popularly held referendum in which they agreed with the Gonzalez government's position that it was in the national interest for Spain to remain in the North Atlantic alliance.

We welcome these developments and anticipate that they will lead to a further strengthening of the political and economic fabric of these two key allies, which is clearly also in our interest.

Let me turn now directly to the U.S. security assistance program and its role in the strength of Spain and Portugal and in U.S. and NATO security.

Security assistance is a bilateral program designed to complement our broader objectives in the political, security, and economic areas. The program enables us to obtain access to important base facilities while at the same time helping allies to modernize their armed forces. In the cases of Spain and Portugal, these programs have long histories and are directly related to commitments undertaken in specific bilateral agreements. I can tell you that our security assistance monies have played an important role in the ability of both countries to make a contribution to the common defense.

Spain

Our access to air and naval facilities in Spain are a vital link in the defense of the West. Among the major facilities used by our forces are the port and naval air station at Rota; Torrejon Air Force Base, where we base our only permanent forward deployed air combat power on NATO southern flank; and transport and training facilities at Zaragoza Air Force Base.

We are at present negotiating with Spain about a successor accord to the 1982 agreement, whose term ends in May 1987. In December 1985, Spain and the United States issued a joint communique setting forth the principles that would guide us in the base negotiations. It states, *inter alia*: "Upon agreement, the adjustments will involve a phased

reduction of the U.S. military presence in Spain based on the assumption by the Spanish Armed Forces of specific responsibilities and missions currently undertaken by U.S. forces in Spain, while maintaining the overall defensive capabilities and level of security for both countries and their allies."

These remain the basis for discussion. We believe that within this framework of trust and cooperation, we can craft a satisfactory agreement. We hope that this new agreement will mark a major milestone in our relationship with Spain.

Successful negotiations must be built on the belief of both parties that the other honors its undertakings. The present base talks will be made more difficult if we allow the perception to grow in Madrid that we have not met our best-efforts pledges on security assistance under the 1982 agreement. In the 1982 accord, we agreed to provide Spain with security assistance for the life of the agreement. Our best-efforts pledge on security assistance was understood by both sides to mean that the United States would try to provide \$400 million in foreign military sales (FMS) credits, \$12 million in economic support funds (ESF), and \$3 million for international military education and training (IMET) each year.

Spain has made significant improvements in its armed forces in recent years, and FMS credits are vital to the modernization of the Spanish military. Madrid has used part of its annual FMS credits to finance the purchase of 72 F-18 aircraft, thereby providing a major boost to Spain's air defense capabilities.

On the ESF side, the annual appropriation has helped us pursue successfully a major U.S. policy objective in Spain—broadening and deepening the network of ties between all levels of Spanish and American society. By funding the successful work of the Joint Committees on Education and Culture and Science and Technology, the annual ESF appropriation has created scores of links between the American and Spanish academic, cultural, and research communities. Our IMET program continues to foster ties between the United States and the Spanish military while helping to develop the professional skills of Spain's Armed Forces.

In FY 1986, \$382.6 million FMS, \$11.48 million in ESF, and \$2.29 million in IMET were appropriated for Spain, slightly below FY 1985 levels because of Gramm-Rudman-Hollings reductions.

Our assistance for FY 1987 fell below the "best-efforts" level contained

in the Administration's request from \$400 million to \$105 million in FMS and from \$12 million to \$5 million in ESF. Through a mixed package of offering Spain FMS credits at concessional rates for the first time and helping the Government of Spain to place slightly more expensive commercial credits, we believe we can put together an FY 1987 package that meets our commitments and the needs of the Spanish Government. The Administration plans to make a \$200 million supplemental request for concessional rate FMS credits and \$7 million in ESF for Spain in FY 1987.

For FY 1988, we are requesting \$265 million in FMS credits for Spain, \$12 million in ESF funds, and \$3 million for IMET. Because of budgetary constraints, our FY 1988 request is quantitatively below what we would like. We have tried to overcome this problem by improving the quality of the assistance to be provided.

Our FY 1988 request for FMS may appear to be below the "best-efforts" level, but in the current budget situation, we must all make extremely hard choices among deserving friends and allies. This is our "best effort." The Spanish Government has so far shown great understanding of the difficult budget situation in Washington, but we must not abuse this cooperative attitude. In the face of the significant cuts in FMS credits for Spain, it is even more important that we demonstrate our good faith by reaching the "best-efforts" levels in the other two security assistance programs.

Portugal

The United States also has vital military and economic interests in Portugal. Portugal, along with the United States, was a founding member of NATO. Our military interests flow from Portugal's strategic location at the southwestern approaches to NATO from the Atlantic and agreement on the use of the Lajes Air Force Base in the Azores further west. Our use of this base goes back to access granted during the Second World War; our presence at Lajes was formalized in 1951 by a bilateral agreement and has been continuous since.

Portugal is a reliable and steadfast ally. In 1973 Portugal alone among our allies allowed U.S. planes to transit en route to resupplying Israel during the Yom Kippur war. In the 1980s, Portugal stood foursquare with us during the Iran and Afghanistan crises.

In 1983 the Portuguese and we renewed our use of Lajes until December

1991. As a part of that agreement, the United States promised its "best efforts" in furnishing adequate military and economic assistance to Portugal. In economic assistance, the United States agreed to seek an increase in ESF, with the understanding that a substantial part of these funds would go to the regional government of the Azores and the other half to the Luso-American Development Foundation or development projects in mainland Portugal. In addition to IMET, we provided \$105 million in military aid (MAP and FMS) in FY 1984 and \$125 million in FY 1985 in accordance with our commitment. Because of overall budget pressure, we were unable to meet this level of commitment in FY 1986, which fell to a total for MAP and FMS of \$110 million.

This fiscal year, we are attempting to redress the problems posed by reduced levels of security assistance funding through an FY 1987 supplemental requesting \$15 million in ESF (which will bring total ESF to approximately \$80 million) and \$30 million in MAP for Portugal (which will bring the total to \$110 million). We also expect to call on the southern flank amendment to the Foreign Assistance Act, which allows us to transfer used U.S. forces equipment to Portugal. This Administration is presently consulting with the Government of Portugal on a list of equipment which would complement items already in the inventory of the Portuguese Armed Forces.

For FY 1988, we are requesting for Portugal \$80 million in ESF, \$85 million for MAP, \$40 million for FMS credits, and \$2.55 million for IMET training. We like to think of the present Portuguese program as a package. It consists of the funding levels I have just discussed which will be provided under terms which are more advantageous than in the past. To this we will add the real value to the Portuguese Armed Forces of the excess defense articles we will provide under the southern flank amendment. Taken together, we believe the package will meet our commitments to Portugal.

The economic component of our assistance package is particularly important to the pursuit of our interests in Portugal. Despite some significant economic advances, Portugal remains the poorest country in Western Europe, with an estimated per capita income in 1985 of \$2,150. ESF funds—half of which are transferred by the Government of Portugal to the Azores—have been important to Portugal's struggle to recover from years of austerity, the

absorption of 700,000 refugees from the former African colonies, and the nationalizations and expansion of the public sector in the 1974-75 revolutionary period. The United States has a major stake in the continued economic development of Portugal.

Our military assistance request of \$85 million in MAP, \$40 million in FMS, and \$2.55 million in IMET is the minimum which will allow us to fulfill our base agreement commitment to the Portuguese. The Portuguese Armed Forces are in acute need of modernization, and the FY 1988 assistance is necessary to continue the modernization program. In particular, FY 1988 military assistance will, *inter alia*, help enhance Portugal's capacity to patrol vital sealanes, upgrade its mixed NATO brigade, and increase the readiness of its fleet.

In conclusion, the importance of Spain and Portugal to the overall NATO security posture is fundamental. The Portuguese base at Lajes in the Azores and the major Spanish air and naval facilities we use are strategically placed and vital to the Western defense effort, especially the alliance's naval air and infrastructure element. Our security assistance to Spain and Portugal is money well spent, as it promotes the interests of the United States, as well as those of Spain and Portugal and the NATO alliance to which we all belong.

MAR. 3, 1987

I welcome this opportunity to speak with you about our policy toward Greece, Turkey, and Cyprus and specifically our FY 1988 foreign assistance request for these countries.

Southeastern Europe is an area of crucial importance to the United States. Sustaining our vital national interests there will require close cooperation between the Administration and the legislative branch. We have a record of achievement together to live up to—40 years ago we launched the Truman doctrine in response to the threat to freedom in Greece and Turkey. It succeeded in large measure because it enjoyed strong, bipartisan support here on the Hill.

Today challenges to peace and security persist in southeastern Europe. I would like today to review our interests and objectives there, the dilemmas we face, and the proposals we have for assistance tailored to our own interests as well as to the unique needs of each of the three countries concerned.

I understand that the subcommittee also wants to look today at foreign assistance for Ireland and Poland. I will have short statements about those programs as well.

U.S. Interests

Let me begin by discussing briefly the importance of southeastern Europe.

America's relations with southeastern Europe span the full range of security, political, economic, and cultural interests. Those interests fall into two broad categories—our established relationships with old friends and our specific national security interests.

Our security interests in the region are familiar facets of testimony before this committee. A great deal can be said about the significance of Greece and Turkey in the eastern Mediterranean and southeastern Europe, about Turkey's long borders with the Soviet Union, about the vital role of the Bosphorus and about the military importance of our facilities in Greece and Turkey. I would stress that recent advances in missile weaponry have not diminished the region's strategic importance. The pro-Western orientation of Greece and Turkey remains crucial to our own defense.

The proximity of the area to the Middle East adds to its strategic importance. For Europe the region forms both a bridge and a buffer with respect to the Middle East. A strong and prosperous southeastern Europe is a stabilizing factor in the region and an essential bulwark against extremism. Conversely, weakness in southeastern Europe will surely encourage, reinforce, and spread the divisiveness and instability that has shaken the Middle East, with tragic consequences.

Fortunately we have well-established friendships with all three countries in this vital region, built on the strong foundations provided by shared values and mutually beneficial cooperation in a variety of activities.

Two of these states, Greece and Turkey, are our allies in NATO, and we have much common and successful experience with them. Our ties to Greece reach far into our past. We identify our own cultural heritage closely with Greece, we have a strong and prosperous Greek-American community, and over the last 40 years we have worked closely with Greek Governments on many issues. These are firm underpinnings.

Our links with Turkey stretch well back even before our independence, but

the bilateral relationship assumed major significance after World War II. This period of common endeavor has forged bonds no less strong than those with older friends. In recent years, we and Turkey have explicitly reaffirmed mutual desires to develop the relationship on the broadest possible basis.

Cyprus is a democratic, nonaligned state with which we maintain a cordial and cooperative mutually beneficial relationship. The United States has a strong and continuing commitment to help the Greek and Turkish Cypriot communities achieve reconciliation through a negotiated settlement of their differences.

U.S. Objectives

Our objectives in southeastern Europe are defined and shaped by the foregoing interests.

First, we seek continued development of strong and broadly based bilateral relations between our country and Greece, Turkey, and Cyprus. Each is a good friend. It is in our interest to pursue strengthened ties.

Second, we desire further strengthening of the NATO alliance and its strategic southern flank: Greece and Turkey lie on the front lines of our own defense.

Third, we are working for a just and lasting Cyprus settlement acceptable to both Cypriot communities. There can be no doubt that such a settlement would be of tremendous benefit to all nations in the area and to our relations with them. Nor can there be doubt that our close ties with Greece and Turkey sustain our ability to play a constructive role in the search for a peaceful solution.

Fourth, we support resolution of the differences between Greece and Turkey. We deeply regret the tensions between our two friends and allies. We have urged the leadership of both nations to renew efforts to find a basis for dialogue and cooperation, and we stand ready to help as and when we can.

Finally, we want to promote vigorous democracies and dynamic economies throughout the area. We are fortunate that democracy is prospering there and promises to continue despite extremist trends nearby. Sound economies will help assure the strength and permanence of free nations and their institutions.

Dilemmas of Friendship

We believe that our objectives in the region are mutually supportive. In fact,

it is necessary that we pursue all of them if we are to achieve any one. This is good theory but difficult to put into practice.

The fact is that tension between Greece and Turkey cuts across our interests and presents us with recurrent dilemmas and difficult choices. Actions on our part to support one country individually can be misperceived as undercutting the other, or as a reflection of tilt in our policy. As members of NATO, the U.S. Government and the other member states must contribute to solutions that adhere to recognized principles and do not diminish the efficiency and effectiveness of that alliance.

We must and will continue, therefore, to work for reconciliation between Greece and Turkey. We seek to play a constructive role and to preserve stability between the two while working toward resolution of differences. For the United States—and we believe for our allies—this requires that we not choose between Greece and Turkey in parochial disputes nor try to impose solutions from outside when there is no lasting basis for acceptance. The totality of our own interests argues for patient, persistent efforts with an eye always to the long term.

Different Countries, Different Needs

In framing our policies, we find it imperative to take into account the very different needs of each of our friends. The differences are striking. Turkey, for example, has a per capita income of about \$1,000 a year; Greece well over \$3,000 per year; in Cyprus, the Greek Cypriot area over \$4,400; and the Turkish Cypriot area just over \$1,000. Turkey and Greece are at very different stages of economic development, and Greece derives extensive benefits from membership in the European Communities. As for military considerations, the fact that Turkey borders the Soviet Union, Iran, Iraq, Syria, and Bulgaria introduces special security concerns which underlay the acute need to modernize its military forces.

Prime Minister Ozal has emphasized that he would prefer "trade not aid." His approach recognizes that a nation's underlying strength rests on a strong, self-sustaining economy rooted in private enterprise. We want to do more to help, but it will take time. One positive development was the signature in Washington last year of the bilateral investment treaty (still pending United States Senate approval). In the meantime, Turkey is one of the few countries with which we have a very substantial

trade balance in our favor, and this at a time when Turkey faces a period of major foreign debt repayments.

The economic dimension of our relationship is also very important to Greece. For example, the very low level of foreign investment is a major aspect of the country's persistent and considerable economic difficulties. We are holding a series of talks with Greek officials on ways to improve the situation. I mention this activity to illustrate the importance of tailored programs and appropriate mixes of economic measures and security assistance to help our friends in southeastern Europe.

Congress in recent years has held that notwithstanding the differing military and economic requirements, there should be a 7-10 ratio of security assistance for Greece and Turkey. This Administration continues to oppose any such artificial constraint. This is not new; it has long been our position that imposing a ratio is simply not an effective way to tailor resources to the requirements of two such different countries. Nor will such a ratio assure any particular military balance since this is a function of many other factors as well.

Let me say a few words here about one of the most frustrating and perplexing of our dilemmas—the Cyprus problem. I would like to review briefly the status of peacemaking efforts and recap the principal elements of our approach.

Mandated by the UN Security Council, the UN Secretary General has sought to engage the Greek and Turkish Cypriot communities in negotiations leading to a just and lasting settlement. With our strong support, Secretary General Perez de Cuellar has persevered with his difficult mission. Since he launched his Cyprus initiative in 1984, he has sought as a key step forward the conclusion of a framework agreement which would provide an outline and a process for proceeding to a settlement. In January 1985, a first draft agreement was accepted only by the Turkish Cypriots, while in April 1985, a revised draft was accepted only by the Greek Cypriots. In March 1986, he presented a new draft framework agreement to the two sides, which was accepted by the Turkish Cypriots but not by the Greek Cypriots. The Greek Cypriots instead proposed as alternatives an international conference or a high-level Cypriot meeting to address the issues of most importance to them. An impasse has resulted. The Secretary General is seeking at this time to renew the momentum in the search for a peaceful settlement. Senior UN Secretariat officials visited the island in

early February to suggest new procedural ideas to help move the process forward.

We do not give our support to the Secretary General lightly or just because it is an easy and convenient out for us. Rather we have high regard for his personal engagement in Cyprus issues over many years, and we remain convinced that his approach is the most promising. It builds on agreements previously reached between the parties and offers an ongoing process for negotiations, whether direct or indirect. It is predicated not on the imposition of a solution but on eliciting what is acceptable to the two Cypriot communities.

These elements of the Secretary General's approach are consistent with our own. Promoting a just and lasting resolution of the Cyprus problem is a high priority objective of this Administration. We have urged all parties to cooperate with the Secretary General at this crucial juncture.

Turkey

Let me now focus on our strengthening relationship with Turkey. Prime Minister Ozal's recent private visit highlighted the progress made since 1985 when Secretary Shultz directed a broad review of our bilateral relationship. Turkey itself has continued major advances in its economic and political development.

The Secretary's visit to Turkey in March 1986 confirmed the momentum of Turkey's drive for stable democracy and modernization. Turkey has, indeed, continued to make great strides in this direction, a movement that has been noted by others besides ourselves. We have been pleased to note such developments over the past year as progress on normalizing the Turkey-EC association agreement, assumption by the Turkish Foreign Minister of the chairmanship of the Council of Europe's ministerial council, and resolution of the European human rights inquiry.

Perhaps this is the best place to say a word about the resolution recently introduced in Congress on the historical tragedy of the Armenians. We strongly oppose this resolution, partly because of antiterrorist considerations, and in large measure because, however the wording is framed, it will inevitably be construed as blaming modern Turks for the tragic suffering and deaths of Armenians 70 years ago. We do not believe this is the way to treat a friend and key NATO ally. Moreover, passage of the resolution is more likely to hinder than encourage the process of modernization and liberal-

ization now underway in Turkey. Our focus should be on promoting reconciliation between Turks and Armenians.

We have successfully concluded talks on the future of our joint use bases in Turkey, under the rubric of the 1980 defense and economic cooperation agreement. Last December in Ankara, the two sides agreed in principle to extend the initial 5-year term of the agreement for a second 5 years through December 1990. Continued U.S. security assistance on the best possible terms, economic assistance, defense industry cooperation, promotion of private sector economic relations, and intensified political dialogue all have roles to play in this context. The Government of Turkey has pledged to reciprocate U.S. efforts to develop further our bilateral cooperation. The English and Turkish texts of this agreement are currently under final

review and shortly will be notified to Congress in accordance with the Case act.

Assistance Requests for Turkey

In our 1987 supplemental aid request, we have asked for \$125 million for Turkey. We believe this amount reasonable and justified to carry forward essential modernization programs. Since FY 1985, Congress has cut back drastically on our military assistance to Turkey. Levels have fallen from \$700 million in FY 1985 to only \$490 million in FY 1987 against the \$820 million we had requested. The supplemental is intended to make up part of the ground lost over the past 2 years. Obviously failure to meet our understandings raises questions about our commitment, our ability, or our willingness to do what we say we will try to do when we are at a negotiating table.

More concretely it will result in lower levels of modern arms for Turkey's Armed Forces, thereby weakening NATO and our own national security.

For FY 1988, we have proposed \$785 million in military assistance to Turkey. This amount is, as before, based on an assessment of Turkish needs in the NATO context and on what can be effectively absorbed at this time. The President's budget proposal is structured to balance these defense requirements with other national budget priorities. I would urge the Congress to sustain these levels. To do less, as I have noted above, quite simply has a direct adverse impact in lowering the military capabilities of NATO as a whole. Turkey, as the poorest country in the alliance, cannot make up the difference from its own resources.

Specific programs for which funding is urgently required include the F-16 program, the M-48 tank upgrade, and completion of the Meko class frigates. Defensive aircraft are critical to NATO's eastern Mediterranean defenses. In the case of Turkey, F-16s are needed to replace 1950s-vintage F-100/F-104 aircraft. The F-16 will help Turkey to counter the massive and fully modernized Soviet armor and air forces which confront it. Meanwhile continued upgrade of Turkey's M-48 tanks to the A-5 configuration represents the most economical means of equipping the tank fleet with state-of-the-art optics, armor plating, and sufficient firepower to match modern Soviet tanks deployed against Turkey.

The tank upgrade is an army-wide program for obvious reasons of logistics efficiency and military readiness. Since this approach by definition includes all Turkish Army tanks, questions have been raised regarding Turkish tanks in Cyprus. In the context of Cyprus, the present qualitative change in the Turkish tank force there does not materially shift the balance that previously existed between opposing forces. There have been changes in Greek Cypriot forces as well. We continue to urge restraint on all sides to facilitate reconciliation. As for the legal issues involved, I would note that the lifting of the arms embargo against Turkey in 1978 took into account that Turkish forces were then in Cyprus and sought to promote deeper engagement of the Turkish side in the negotiating process. We believe the legislative objective continues to be met.

Modernization of Turkish armored capabilities is essential if Turkey is to field adequately equipped divisions to meet its NATO obligations. Turkey also

U.S., Turkey Extend Agreement on Defense and Economic Cooperation



Department of State photo by Robert Kaiser

On March 16, 1987, at the Department of State, Secretary Shultz and Turkish Foreign Minister Vahit Halefoglu exchanged letters extending through December 1990 a bilateral defense and economic cooperation agreement that has been in effect since 1980. At the ceremony, Secretary Shultz said: "On the American side, this agreement is but one more manifestation of our recognition of the vital importance of our close relationship with Turkey. Turkey is a key friend and ally of the United States and a trading partner of growing importance. Among NATO member countries, Turkey contributes military manpower

second in number only to those of the United States itself. Over the years, both Turkey and the United States have shared a basic and abiding interest—ensuring that the North Atlantic alliance's ability to deter aggression remains strong and effective. Today's agreement should be seen in that context, not simply as one more chapter in productive Turkish-American bilateral cooperation but also as an important element in our larger common efforts to secure a more durable peace."

¹For the full text of the Secretary's remarks and those of Foreign Minister Halefoglu, see press release 61. ■

is engaged in naval modernization and systems upgrade for its frigates, as well as improving older destroyers. These programs, and several others, represent the minimal level of effort necessary to counter the growing obsolescence of Turkish forces. FY 1988 funds requested by the Administration will only cover cash flow for these few programs, plus some modest operations and maintenance requirements of existing systems. Funding limitations in any case will continue to constrain initiation of new and much needed programs.

We also believe that the equipment that Turkey will receive under the southern flank amendment will make an important contribution in meeting Turkey's military modernization needs. Discussions are currently underway on matching Turkish needs to availabilities of excess U.S. equipment.

Assistance Request for Greece

Let me turn now to Greece. With Greece we have in the last 2 years sailed into what Prime Minister Papandreou calls "calmer waters." We welcomed that call and have worked with the Greek Government to make it a reality. Together with the Greek Government in 1985, we sketched out a step-by-step approach to improve relations across the board and have come a long way in realizing it. Secretary Shultz's visit to Athens in March 1986 and Foreign Minister Papoulias's visit to Washington in November last year are hallmarks of this progress. We have concluded a defense and industrial cooperation agreement, conducted bilateral trade and investment talks, made substantial progress on bilateral issues such as the Voice of America, and resolved operational problems affecting United States bases.

We have, however, a long way to go. We have yet to work out arrangements with the Government of Greece for the future of our bases there. As agreed between the Prime Minister and Secretary Shultz in 1986, we hope to make progress on this issue in timely fashion this year to give us lead time before December 1988 when the current defense and economic cooperation agreement with Greece can be terminated, an option that Prime Minister Papandreou has said he intends to exercise.

Although the question of United States bases tends to dominate headlines, we are determined to improve relations and are prepared to assist Greece across a broad range of activities. We look forward to a visit to

Washington by Vice Premier and Defense Minister Haralambopoulos later this year. We hope to advance to completion of agreements on the Voice of America, status of forces questions, and civil aviation.

Security assistance remains an important element of our policy. We have not included Greece in our FY 1987 supplemental because amounts available are limited, and Greece, unlike other nations which suffered assistance cuts, still has about \$635 million in uncommitted funds from previous years. Turkey's \$490 million in FY 1987 assistance is already fully committed.

For FY 1988, we have proposed \$436 million in security assistance. This sum represents our best assessment of the Greek Armed Forces' priorities taking into account their resources and needs. The FY 1988 security assistance program will support Greece's military modernization program and thereby enhance NATO capabilities in the eastern Mediterranean.

Specific programs include the purchase of 40 F-16 aircraft, with an option to buy an additional 20, to replace an aging fleet of F-104 and F-4 aircraft. Greek ground force capabilities will be enhanced by the planned acquisition of additional M-48 tanks. Short-range air defense capabilities will be raised closer to NATO standards with the addition of portable air defense systems and munitions. The Hellenic Navy is considering the acquisition of a U.S.-designed ship and weapons to enhance its capability for antisubmarine warfare. In the meantime, as with Turkey, the excess equipment we will provide to Greece under the southern flank amendment will immediately enhance and augment the armed forces' present capabilities. Discussions are underway with Greek authorities to match Greece's needs with available U.S. equipment.

Cyprus

For Cyprus in FY 1988, we have proposed \$10 million in ESF. As you know, in the past we have regularly proposed \$3 million and congressional action has raised the total to \$15 million, clearly in recent years at least, by way of registering a signal of American desire to promote a Cyprus settlement. In light of Gramm-Rudman-Hollings considerations and the increasing affluence of Greek Cyprus, we believe the time has come to adjust our ESF level for Cyprus to a more realistic one in line with other competing priorities. Hence, we have proposed \$10 million as an alternative to the \$15 million of prior years.

We have adjusted the mix of programs for ESF expenditure in Cyprus to approximately one-third for scholarships and two-thirds for projects which promote relief and development, including bicomunal contact. It has been difficult to find activities which genuinely promote contacts and cooperation between the two communities, but that remains our goal, and we have had some success in such efforts as city planning for the Nicosia master plan.

Assistance to Ireland

In regard to a third U.S. contribution to the International Fund for Northern Ireland and Ireland, the Administration supports the commitment made in 1986 for \$120 million over a 3-year period (\$50/\$35/\$35). The U.S. contribution was conceived as a tangible sign of our support for the political and economic goals of the 1985 Anglo-Irish agreement. Our support for those goals of reconciliation and economic regeneration remains strong.

Although there was an increase in the level of violence in Northern Ireland in 1986, efforts by opponents of the agreement to force the two governments to abandon the accord were entirely unsuccessful. The commitment of the U.K. and Irish Governments to continue their dialogue, within the context of the agreement, remains unchanged. There has been some speculation about a change in the attitude of the Irish Government as a result of the election victory of Fianna Fail. We have no reason to believe that the new government will abandon the agreement, although Mr. Haughey has suggested that he may approach the United Kingdom about renegotiation of the text referring to the constitutional status of Northern Ireland.

The establishment of operating procedures and working relationships between the fund and the donors is moving along. The fund's board of directors is actively reviewing projects and expects to approve a number in the near future.

Assistance to Poland

I understand that the committee is also interested in the status of the \$10 million earmark in development assistance funds to assist private Polish farmers. Our efforts to utilize the funds received a setback in September 1986 when negotiations between the church and the Government of Poland to establish a private agricultural foundation were suspended. We have met on

several occasions recently with church officials and the church's organizing committee to identify alternative projects to assist private farmers. We are encouraging the organizing committee to work with a U.S. private voluntary organization which can take the place of the foundation in administering the project in Poland. If our efforts to appro-

priate the \$10 million during FY 1987 are not successful, we will request Congress to extend the authorizing legislation through FY 1988.

¹The complete transcripts of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S. Initiative for Southern Africa

by M. Peter McPherson

Address before the annual consultative meeting of the Southern Africa Development Coordination Conference (SADCC) in Gaborone, Botswana, on February 5, 1987. Mr. McPherson is Administrator of the Agency for International Development.

I am extremely pleased to be here today. Let me express, on behalf of all donor governments, our appreciation for the hospitality of you, Mr. President [Quett K. J. Masire], and the Government of Botswana. You are gracious hosts, and you have made us feel as one, within an extended family.

I also want to congratulate Chairman Mmusi, Executive Secretary Makoni, and the Secretariat staff of SADCC. You have prepared impressive and substantive reports in support of this year's important conference theme: "Investment in Production."

Before turning to that theme, I think we need to stop for a moment to reflect on SADCC. As we all know, SADCC grew out of the concerted efforts of Angola, Botswana, Mozambique, Tanzania, and Zambia—the original front-line states—to support independence in Zimbabwe and Namibia.

This transition was successful in Zimbabwe, and with that success came the recognition that stability and economic growth were shared regional concerns. The front-line states saw the imperative of going beyond short-term political considerations. They wisely concluded that equitable development and greater economic interaction between states was essential for peace.

The result was SADCC, established in April 1980 at Lusaka. The original front-line states were joined by Zimbabwe, Lesotho, Malawi, and Swaziland. Together, you formalized your intention to pursue a cooperative strategy of regional development—thereby setting a standard of consensus: a rallying point

where regional economic opportunities and problems could be addressed.

The accomplishments of SADCC since that 1980 foundation are very impressive. The most recent annual progress report attests to significant mobilization of resources, both foreign and local. Transportation planning and cooperation may be one of the most impressive in the Third World. I believe the most important achievements have been the commitment to solve common development problems together and a commitment to exploitation of certain common assets for the advancement of all the people of southern Africa, doing so in a professional, careful fashion.

You, as member states, have joined ranks and achieved this significant level of regional cooperation and also maintained your own distinctive and independent national systems. We applaud your accomplishments. Our presence here today is an expression of our confidence in SADCC and our commitment to the future of the organization and to your countries.

Promoting a Positive Vision of the Future

There was once one of you, a father of SADCC, who often challenged us with a dream of southern Africa. He did so always with optimism and foresight. Sir Seretse Khama spoke often of *Kagisano*—a guiding Tswana philosophy of unity, peace, harmony, and a sense of broader community. *Kagisano* was identified inseparably with sustained development, democracy, and human rights. This, we think, is a worthy philosophy for all of southern Africa. We urge SADCC to continue to pursue the dream of Sir Seretse Khama from southern Zaire to the Cape, from the Atlantic to the ports of Tanzania and Mozambique.

With SADCC, this region of Africa has a forum in which this dream of the future can be translated into action.

Were Sir Seretse Khama here today, I am sure he would be strong, clear, and positive in his view of the future. He would note the 70 million people strong of SADCC countries. He would point out again the rich soils and mineral deposits. Then he would urge us all to work toward:

- A southern Africa that receives greater added value from its mineral and agricultural production;
- A southern Africa that is food self-reliant;
- A southern Africa that manufactures more of its own capital goods and generates some internal capital from locally owned companies;
- A southern Africa able to offer new employment and increased incomes to a skilled workforce, a workforce that can move across borders in search of employment; and
- A southern Africa with diverse economies, yet interlinked through efficient transportation and communication systems, with substantial and balanced regional trade.

This kind of vision is not utopian. It could come in most of our lifetimes. Yet we cannot be blind to the formidable challenges that lie in the path. Much needs to be done.

- First, the end of apartheid; unless apartheid is ended, it will poison the future of all, including its creators. All human development is rooted in equal opportunity. The same is true of nations, and SADCC, we think, represents that ideal.
- Second, economic reform programs are the prerequisites for new growth, and more needs to be done. Important structural adjustments are underway in Zambia, Malawi, Mozambique, and Tanzania. We, the donor community, must strengthen our support for these essential efforts in order to generate more growth, employment, and additional income.

Donors will remember the presentation of Executive Vice President Stern of the World Bank at the high DAC (Development Assistance Committee of the Organization for Economic Cooperation and Development) a few months ago. He set forth an impressive case for fast-disbursing aid.

- The countries in this region will need to further adjust and coordinate exchange rates to open regional opportunities for increased trade. The consultation with the private sector is essential to assure that barriers to investment are lifted.

- Natural routes to the sea need to be rehabilitated so that the region's transportation network can function. Costly dependence on the long routes through South Africa is unhealthy economically and undermines future progress.

- In general, southern African countries need to reduce their current level of unhealthy economic dependency on South Africa. There are, of course, important and mutually advantageous economic links between SADCC countries and South Africa. But SADCC countries should seek less economic dependency over the medium term, and that should result in more growth and benefit to all in the region. One must strive for balance, and the current economic situation is clearly out of balance.

- Finally, we would urge that the economies of southern Africa develop in ways that capitalize on each country's comparative advantage, taking into consideration economies of scale. This is necessary for terms of trade with the outside world to improve. That is fundamental to create the exports to sustain economic security.

Of course, a positive vision requires development of strong economies within SADCC, and Zaire as well, so that the region can trade and compete on a more equal footing with South Africa. Yes, SADCC countries must take their place in the years ahead as a source of technology, raw materials, and capital goods and as a market for regionally produced goods.

The fact that many of these objectives are high on SADCC's agenda and are mentioned in the documentation prepared for this conference gives me great hope for the future development of this region and the only important role of SADCC. It also underscores why the theme of this conference—"Investment in Production"—makes such good sense.

The private sector is not only an important player in economic growth—it must play the leading role. The donors welcome SADCC's plan to expand private sector involvement. We will do all we can to support this very desirable program. I know the representatives from the private business community who are here at this conference have noted the great potential of this region. We hope the private sector will respond to the attractive long-term investment opportunities. Yesterday's private sector session went well, and I know that many are talking about the possibility of a private sector advisory board to SADCC.

This should be carefully considered.

The vision set forth here is not without dangers. This is a time of great immediate peril in southern Africa. As the crisis of minority rule in South Africa deepens, the spillover effect on the southern African economies is real and dangerous—with ramifications that might be underestimated. It would be tragic if the future of this region is mortgaged by sanctions within the region which would jeopardize the economic future of all the parties in this subcontinent.

Let us continue to put our heads and hearts together and work out realistic strategies toward the achievement of our goals. I believe SADCC and its program of action represent the kind of positive strategy Sir Seretse Khama had in mind. We are here today to confirm the international partnership between SADCC members and the donor community.

New U.S. Initiative

For our part, the United States is prepared to undertake a new initiative in southern Africa—one which would build upon our current program of approximately \$175-\$200 million annually in food and economic assistance to SADCC and member countries.

On July 22 of last year, President Reagan announced that Secretary Shultz and I would undertake a study of the U.S. assistance role in southern Africa. The President asked us to examine the needs of the region and what could be done to improve the transportation and expand trade and private investment.

As some of you may recall, I was in the region last August to consult with SADCC governments on the development of such a program. I met at that time with the Governments of Zambia, Malawi, Mozambique, and Botswana and met personally with the presidents of several countries and with the SADCC leadership. In September, I also had extensive discussions in Washington with Mozambique leadership. Out of these consultations, the United States has developed a multiyear Initiative for Economic Progress in Southern Africa. Our initiative:

- Supports the rehabilitation of important transport and regional port facilities;
- Supports economic, trade, and monetary policy reforms designed to attract more investment to the region, both foreign and indigenous. This will be done with quick-disbursing grants; and

- Will help fund mechanisms to facilitate trade among the southern African countries themselves and between them and the rest of the world.

We propose that this initiative extend over the next several years. We have asked our Congress for \$93 million in additional assistance to southern Africa, to be committed over the next 18 months. This will be a first installment on what we hope will be the development of significant new areas of cooperation between the United States and the region.

On December 4, 1986, U.S. Secretary of State George Shultz said:

There is too much at stake for us to turn away in despair and let destructive events run their course. The economic engine created by the talent and sweat of all the peoples of southern Africa is too important to be destroyed by reckless actions from any quarter. The hopes of all the region's people for a better life for themselves and their children are too precious to be squandered away in futile efforts to preserve apartheid in South Africa or by a leftward lurch toward a new authoritarianism.

Secretary Shultz then pledged that the United States will stand with you and will remain engaged in the search for peaceful solutions and new economic growth.

Conclusion

Let me say in closing that we, as donors, and you, as SADCC members, have developed an important partnership. The donors share your vision of the future, and we are committed to helping turn vision into reality. We have come to know each other well over the past several years, both personally and professionally. Yes, we can accomplish a great deal together for the people of this region.

Since this annual conference was held last year, one of the important leaders of this region has fallen. I can think of no greater tribute to President Machel than for us, in his name, to rededicate ourselves to your program of action. I am here to assure this conference that the donor community intends to do its part. ■

U.S. Development Strategy for Sub-Saharan Africa

by M. Peter McPherson

Statement before the House Select Committee on Hunger on February 26, 1987. Mr. McPherson is Administrator of the Agency for International Development (AID).¹

I am pleased to be here today to discuss several questions of interest with you and to present to the Select Committee AID's proposed program for the Development Fund for Africa (DFA).

Although it is difficult to discuss separate pieces of our African strategy without involving all the components of the program, I know you have a special interest in the African food situation, the locust problem and our ongoing locust control efforts, and the special programs being designed to assist nations of southern Africa.

The African Food Situation

Sub-Saharan Africa has been most fortunate, for the past 2 years, with regard to climatic conditions. Rainfall has been good throughout Africa, and with the exception of five nations, the general food supply situation appears adequate for the current crop year. In fact, the nations identified as having exceptional needs by the Food and Agriculture Organization (FAO) all have mitigating circumstances precluding adequate harvests. In Mozambique, Angola, and Ethiopia, civil strife has affected food production. Botswana and Lesotho are areas with chronic food shortfalls and, even in good years, buy a major portion of their food needs from neighboring countries.

We have recently reviewed sub-Saharan African harvest projections for the current crop year from the U.S. Department of Agriculture and the FAO, and the indications are that per capita food availabilities are at a level equal to food availabilities in the late 1970s. When one considers the rapid population growth of sub-Saharan Africa and the devastation of recent drought years, it is a very positive situation. This is not to say there are no longer pockets of hunger in Africa, but most of the current food problems in sub-Saharan Africa are of a regional nature and are more closely related to market develop-

ment, transportation infrastructure, and economic growth rather than overall indigenous availabilities.

Knowing that the good news regarding availabilities will not last indefinitely, AID has made a special effort to institutionalize a food production reporting system in our field missions throughout Africa. The results have been excellent, and we are getting complete and current information on food production, food imports, and other donor food contributions. In addition, we have sought to capture special detailed information on food availabilities from eight drought-prone nations in sub-Saharan Africa. Having current and reliable information will allow us to decrease our response time should another large-scale emergency situation occur in the future.

The Locust Situation in Sub-Saharan Africa

Perversely, climatic conditions favorable to sub-Saharan African agricultural production also favor the proliferation of locusts and grasshoppers which can generate plague-induced famine. Traditionally, this situation is most severe following periods of prolonged drought. Thus, concomitant with the end of a 3-year drought in 1985, all five of the species of grasshoppers and locusts most devastating to agricultural production threatened to escape normal control measures in 1986.

Recognizing the implications of such a catastrophe, the United States worked with the FAO, other international organizations, other major donors, and the affected African countries to carry out an emergency control campaign in 1986. The United States provided almost \$9 million to a highly successful international effort, costing about \$38 million in total, to reduce potential crop losses. Some 3.8 million hectares of land, with a potential production value of over \$80 million, were treated. Crop losses were held to less than 20% in the treated area, and the risk of production losses worth many more millions was eliminated in many other areas. Nevertheless, the 1986 emergency control campaign was late in starting, and the number of eggs that will hatch during 1987 is expected to be vastly greater.

Consequently, the United States has continued to work with the international donor community to plan a more organized program to deal with the locust/grasshopper problem over the next several years. Meetings have been held, planning undertaken, and agreements negotiated on how best to deal with the problem technically. Individual country plans developed in conjunction with the African nations and other donors have been undertaken, and resources have been put in place.

In addition, AID is developing a regional project to deal specifically with the threat of grasshoppers and locusts over the next 3 years. It will support an environmentally sensitive program that provides technical assistance, pesticides and other commodities, and training for African host-country crop protection services. This project will support integrated pest management principles, including entomological and pesticide research, and the development of improved pest management and biological control mechanisms at a cost to AID of about \$15 million over 3 years. Roughly three times that amount is expected to be provided by cooperating countries and institutions.

The Southern Africa Initiative

The countries of southern Africa, in varying degrees, share many of the problems besetting all of sub-Saharan Africa: periodic drought, decreasing prices for primary products, and unmanageable external debt service burdens. They also share the experience of a long colonial past, instances of unnatural dependency on South Africa, and an inability to maintain local institutions and infrastructure because of war, destabilization, and political and economic uncertainty. Their population is about 70 million, excluding South Africa and Namibia. Their total GDP [gross domestic product] is \$22 billion, and their average per capita GDP is about \$320 per year.

The Administration proposes a special initiative aimed at accelerating the economic development of southern Africa by helping the countries of that region to improve transport and expand trade and private investment in the region. In the short term, this U.S. initiative, whose interest areas are also shared and supported by a multidonor community, will help southern African countries to:

- Ensure that economic reform measures can be continued or enhanced;
- Provide more efficient, cost-effective transport routes for vital imports and exports;
- Save on import bills (through reduced transport costs and cheaper imports from the regional market), thereby making scarce foreign exchange available for other urgent needs;
- Expand export markets; and
- Help maintain employment and income levels during a period of economic crisis.

This initiative will also help set the stage for longer term growth and development through programs to:

- Realign regional trade patterns;
- Develop productive local industries and promote competitive exports;
- Embark on a new economic reform program;
- Implement an equitable regional growth strategy to raise incomes and increase employment; and
- Restore the regional transport system to its former status—one that is efficient, reliable, well-managed and maintained, and of service to the majority of producers and consumers of the region.

The United States has the opportunity now to expand its help to reinforce the fundamental decisions that countries of the region must make to promote further private sector-led growth and expansion. The economic restructuring will, in turn, enable each country to attract new investment, expand trade, and reverse the spiral of economic disasters.

The initiative will address the most acute constraint of the moment—the lack of foreign exchange to fuel increased production, trade, and investment. This will make it easier for countries to implement national economic policy reform programs and help the countries of the region through a period of economic transition which will inevitably impose hardships on consumers and producers.

Finally, U.S. assistance, combined with that of other donors, will help improve the physical infrastructure needed for efficient transportation of critical inputs and products for new and expanding markets.

The Development Fund for Africa

The establishment of a Development Fund for Africa is being sought in conjunction with the fiscal year (FY) 1988 budget request for the Agency for International Development. The creation of the fund parallels congressional suggestions included in legislation introduced last year by Senators Kennedy and Kasten and Representative Fascell.

Over the past years, we have been rethinking and refining our development strategy for Africa based on a better understanding of the continent's crisis, our own experience with different assistance programs and modalities, and coordination with other donors and private and voluntary organizations. As a result, we believe that our efforts to implement this program will be greatly enhanced by the enactment of the proposed DFA. In addition to eliminating functional accounts, which will help increase management effectiveness, the DFA will provide long-term funding and signal a special U.S. commitment to assisting our African friends in their quest for a solution of sub-Saharan Africa's unique development problems. We will be able to continue agriculture, health, population, child survival, education, and environmental activities while stressing private sector and policy reform efforts. The fact that we will be able to offer more flexible support to those countries which have made a significant commitment to developmental goals is another way to accelerate progress.

The major long-term objective of our assistance is to help African countries initiate and sustain economic growth that allows them to attain food self-reliance and equitable developmental progress. The major pieces of the strategy are economic stabilization and reform and agricultural and human resources development.

In recognition of the diversity of conditions in Africa, AID's assistance programs are tailored to the specific needs of individual countries. In general, our programs support economic policy reforms to create incentives for growth and to enable African farmers as well as private businessmen to play a more dynamic role. At the same time, our programs help develop the technologies, institutions, and human capital required for productive employment and sustained growth. In order to maximize our impact on these developmental goals, we need to create and maintain the most effective financing instrument possible. The DFA will meet this requirement.

Our development strategy in Africa emphasizes increased agricultural production, expanded agricultural marketing activities, and private sector development, as well as human resource development. As part of the Development Fund for Africa, we will continue the Africa economic policy reform program which makes substantial funding available for those nations pursuing aggressive policy reform activities. Although much of our reform work is focused in the agricultural sector (e.g., agricultural pricing, subsidies, and private sector competition), it also includes other policy reforms (e.g., civil service reform, trade and tariff reform, and increased foreign exchange availability).

As noted earlier, AID is also undertaking a major initiative in southern Africa which will be a part of the Development Fund for Africa. Our FY 1988 request is for \$500 million to support the Development Fund for Africa. In addition, \$100 million for Africa from the economic support fund account will be requested to support strategic interests justified on political and security grounds.

African Development Progress

During the past 2 years, we have continually reexamined developmental efforts in Africa—from the standpoint of both the donor community and African recipients. We believe our recent program emphasis, based on a mix of basic human needs programs and targeted policy reforms, is appropriate. Our FY 1988 program calls for a continued mix of project and nonproject assistance to complement host country efforts. It is important to ensure that sufficient resources are available to allow committed African nations to exercise greater control of their own destinies.

A key component for our development activities is the emphasis we are placing on women and their role in production, marketing, and investment. Understanding the critical importance of women and how they influence development is a prerequisite for the success of our African strategy.

The Development Fund for Africa responds directly to the need for change as defined by the African community. This was outlined in May 1986 during the UN General Assembly Special Session on the Critical Economic Situation in Africa. The most notable aspect of the UN meeting was the unique degree of unanimity among African leaders with regard to their prognosis for the future

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and the developmental changes needed to produce positive African growth.

African development must be led by Africans. It must encompass massive economic and financial policy reform which fosters market-based development. It must seek to stabilize chaotic economic imbalances and reduce the burden of massive debt. And, most importantly, it must offer the potential for real growth that will keep investment capital on the continent and Africa's future leadership working at home.

Agriculture as the Primary Developmental Focus

It has become increasingly clear that the improved management of Africa's natural resources—especially land, water, and trees for fuelwood—must be an integral part of our agricultural assistance efforts. The depletion of soils, deforestation, and poor land management are having a major long-term negative impact on Africa's agricultural future.

We are currently focusing on four major areas: agroforestry, soil and water conservation, fuelwood management, and energy.

- In Senegal, the \$10-million reforestation project will mobilize local and private resources for treeplanting.
- The Ruhengeri Resources Analysis and Management project in Rwanda is working with local farmers to reduce soil erosion and improve watershed stability within an environmentally sensitive watershed.
- In Sudan, the \$4.6-million renewable energy project has used a combination of U.S. dollar resources and local currency to promote both the production and conservation of fuelwood resources through local institutions and nongovernmental organizations.
- The Africa regional energy project continues to expend funds working directly with African governments to help demonstrate and disseminate self-sustaining public and private sector initiatives directed at deforestation, oil import dependence, inefficient energy use, and the retarded development of indigenous African energy resources.

In addition, we are sponsoring activities to learn more about trends and effects of changes in natural resource and energy availabilities and their impact on the quality of life for Africans.

Our regionally funded remote-sensing activities and famine early warning efforts allow us to provide short-

term assistance as well as indicate the programmatic focus for long-term solutions.

Our interest in the quality of life is not confined to the human experience. In the area of biological diversity, we have over 30 activities related directly to Section 119 of the Foreign Assistance Act, which in FY 1986 totaled about \$2.5 million.

AID and Private and Voluntary Organizations

Of particular importance in making sure that we keep up-to-date on trends and conditions in Africa are AID's relations with private and voluntary organizations working throughout the continent. Although the contribution of private and voluntary organizations is often confined to projects when one considers their relationship to AID's program in Africa, of equal interest is the daily contact, information sharing, and feedback in the field, as well as seminars and working groups here in the United States, which they provide. Our recent cooperative efforts relating to the drought are clear examples of the effectiveness of this union.

We also believe that the kinds of reforms currently taking place in Africa frequently involve decentralization reaching down to the local level. Private and voluntary organizations, both U.S. and indigenous, are often ideally suited to foster this kind of change.

Human Resource Development

AID has been a partner of long standing with African nations in their efforts to improve human resources and basic human needs in Africa. Although we place a major emphasis on policy reform and structural adjustment, the maintenance of a system that allows growth with equity is of critical importance to U.S. efforts in Africa.

One of the primary areas of concern in Africa is population growth. During the past several years, an increasing number of African nations have begun taking a serious interest in population growth and its impact on the development process. Although we are planning bilateral development activities in 38 sub-Saharan African countries, of particular interest is the proposed long-term, regionally funded population project being considered for Nigeria. With a population in excess of 100 million people, Nigeria represents about one-quarter of the population in sub-Saharan Africa.

Of equal importance with population is the improvement of health care and effective child survival activities. We are currently exploring ways to expand health care provided through the private sector to ensure that services, once available, will continue to be affordable. An example of one such activity can be seen in Ghana, where the manufacture and distribution of oral rehydration salts have been taken out of government and are now carried out in the private sector.

In addition, AID continues to work with several African nations and the Centers for Disease Control in establishing child survival programs. These programs include immunizations and the provision of oral rehydration salts, as well as maternal and child health and nutrition education. Since 1981, the regionally funded African Child Survival Initiative has been working in 13 countries and has immunized 8.3 million children against childhood diseases as well as 2 million women against tetanus. We are currently increasing support for major child survival programs in Kenya, Niger, Sudan, and Nigeria.

In education, we continue to support primary, secondary, and college-level training and institutional support as well as vocational and nonformal educational efforts. AID's participant training program has had a major impact on development in Africa.

We will continue to support participant training efforts through bilateral efforts and regional activities such as the Human Resource Development project. In addition, in the Sahel region, by emphasizing shorter term training in Francophone countries, we will be increasing the number of participants and will hopefully be able to include more women.

In all of our human resource development activities, we are putting increasing emphasis on the private sector for the delivery of services. Given the high cost of supplying such services from public resources and the limited tax base in most African nations, we believe that the only way for many services to be available on a continuing basis is through user fees.

I believe that we have reflected many of your concerns in our current program. It is a good strategy, and we believe it will yield sound developmental results.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

FY 1988 Assistance Requests for the Middle East and South Asia

by Richard W. Murphy

Statement before the Subcommittee on Near Eastern and South Asian Affairs of the Senate Foreign Relations Committee on March 23, 1987. Ambassador Murphy is Assistant Secretary for Near Eastern and South Asian Affairs.¹

I welcome this opportunity to meet with you today and to support the Administration's proposals for FY 1988 economic and security assistance for the Middle East and South Asia. Foreign assistance has become an integral part of our policy, to defend and advance our own national interests and to help others less fortunate. Several weeks ago Secretary Shultz said, "We do not seek foreign assistance solely for the benefit of others; we are pursuing our own national security and economic interest when we work with our friends and allies around the world." Nowhere is this more true than in the Near East and South Asia region where a number of our vital security and economic interests converge.

The Middle East and South Asia is a region in great turmoil. Today there are five regional conflicts that threaten stability in the area. These include the Arab-Israeli dispute, the Iran-Iraq war, the Soviet occupation of Afghanistan, the west Saharan conflict, and Libya's invasion of Chad. Tension along the border between North and South Yemen and internal strife in Sri Lanka and Lebanon further endanger regional order. The Middle East and South Asia is also a region where economic strains and social change create pressures on stability. The United States has no illusion that our security assistance alone could resolve these conflicts and strains or fully protect key U.S. interests. Our aid is designed carefully to assist those friends who share our concerns. By aiding friends with economic and military financing to better protect themselves, we are enhancing our own security.

This committee is well aware that our deficit situation and need to reduce the budget last year required deep cuts into programs important to many Americans. These cuts were painful. We in no way wish to minimize the pain of reductions in domestic programs. But we have a strong case for maintaining

foreign assistance at sufficient levels required to protect U.S. economic and defense interests in this troubled region. Last year Congress reduced worldwide foreign assistance by 17%, while non-earmarked accounts in the Near East and South Asia region were cut by 25%. Cuts of this magnitude have strained our bilateral relations and harmed our security programs. Our FY 1988 proposal for Near Eastern and South Asian programs is 2% below that of last year's request. We urge this committee to support the figures we have requested—with a keen eye to U.S. national economic and security interests in the region.

The Middle East

Several vital U.S. interests—strategic, political, and economic—converge in the Middle East region. First and foremost, we are working to foster stability in a region of great strategic importance to the United States. We encourage a just and lasting resolution of the Arab-Israeli dispute. Our foreign assistance programs support this commitment. Closely related to this, we have attempted to assure the security and prosperity of our friends in the region. Their military and economic security must be dealt with in a generous and consistent manner if they are to participate fully in the peace process. Our assistance programs play a key role in our relations with friendly, pro-Western Arab nations, many of which are threatened by foes of the peace process and must maintain the means to defend themselves.

The economies of Middle East oil producers and nonproducers alike have undergone setbacks over the past year—lower revenues from oil exports, reduced worker remittances, and a drop in revenues from tourism as a result of terrorist threats. Many of our friends in the region suffer from the after-effects of economic contraction in the gulf states. We are concerned about continued economic deterioration and the effect this could have on political stability and on prospects for peace.

Our foreign assistance programs play an essential role in helping to support friendly states which share our interest in and commitment to economic and political stability. As noted above, last year, these non-earmarked country

accounts had to be reduced by 25% as the foreign assistance budget declined. We have before us now a budget we cannot afford to reduce further unless we are also prepared to sacrifice important national interests.

Israel. The United States and Israel have a unique and rich relationship based on many shared values and interests. During this Administration, our relations have grown stronger as we have forged institutional links such as the Joint Political-Military Group, the Joint Security Assistance Program, and the Joint Economic Development Group. These institutions reinforce our traditional ties, which we are confident will continue to be close and strong.

We are seeking a total of \$3 billion in military and economic assistance for Israel in FY 1988, the same level as last year. This is a large amount, but we are convinced it is justified; military strength and a healthy economy give Israel the confidence to pursue the search for peace.

We request \$1.8 billion in forgiven foreign military sales (FMS) credits. The all-grant terms of the FMS program will lessen the economic impact of Israel's extraordinary defense burden. This level of assistance is sufficient to assure Israel's continued qualitative military advantage in the region. Israel now faces its time of decision concerning the future of the Lavi aircraft project. We have urged the Government of Israel to consider lower cost alternative aircraft in view of the very high estimated cost of the Lavi, and we have advised that the United States would not be able to fund the large additional cost the Lavi would impose in view of our limited resources and our other worldwide commitments.

In order to enhance our military assistance to Israel, last year we designated Israel, along with certain other friendly states, "a major non-NATO ally." This will enable it to participate in cooperative defense research and development projects without additional appropriated funds. The new status also acknowledges our close strategic relationship.

Our request for \$1.2 billion in economic support fund (ESF) assistance directly addresses the needs of the Israeli economy. It will enable Israel to cover the financing gap in its balance of payments, repay some of its debt, and maintain foreign exchange reserves at a level consistent with a strong financial standing.

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Over the past 18 months, Israel has made progress in reducing inflation and putting its economic house in order. The government plans to reduce personal and corporate income tax rates on April 1, which will improve the investment climate and, over the long run, lead to greater productivity. In addition, it has taken steps to allow private borrowers freer access to the capital market. These measures will help place the economy on the path to economic growth. More needs to be done to lower inflation, reduce government spending, and stimulate productive private investment.

After years of sub-par economic performance, Israel needs growth. In 1986 GNP grew by only 1% while consumer spending increased by over 12%, a disappointing performance. Investment is still slack, and the trade deficit grew by over \$400 million, to \$2.4 billion. Imports of all categories of goods increased, but consumer products rose most sharply.

While Israel's total debt is very large, even exceeding GNP—it was over \$24 billion in mid-1986—its structure is favorable. Only about 15% is short term, while well over one half is very long term and/or concessional loans provided by the United States and holders of Israeli bonds. The debt service ratio was 38% in 1985. Most of Israel's debt to the United States derives from defense procurement financed under the FMS program. We are currently discussing the possibility of restructuring that FMS debt.

Egypt. A strong and stable Egypt is also fundamental to our strategic interests in the Middle East. It is a bulwark against Soviet-armed radical states that threaten stability in the Middle East and Africa.

The United States and Egypt have been partners in the peace process for many years and have worked continuously to expand progress toward an overall settlement. As Egypt demonstrated at the recent Islamic summit in Kuwait, reintegration into the Arab world need not be at the expense of its commitment to the peace treaty with Israel. Resolution of the Taba dispute and the summit meeting between then Prime Minister Peres and President Mubarak in September 1986 demonstrate Egypt's firm commitment to peace with Israel. Dialogue between the two governments continues as reflected in Foreign Minister Peres' visit to Cairo last month.

Our \$2.3 billion request for economic and military assistance will help Egypt meet its development and security needs so that it can continue to act as a force

for peace. This amount, roughly the same as that appropriated last year, is a prudent and justified investment for furthering U.S. goals and interests in this key country.

The \$815 million we are requesting for ESF will help Egypt deal with its foremost domestic problem—its weakened economy. Structural distortions in wages and prices are the underlying cause of Egypt's economic problems, but regional economic problems, such as the fall in world oil prices, have exacerbated the situation. The budget deficit for Egypt's fiscal year ending June 30, 1986, exceeded 20% of GDP. Growing foreign exchange constraints have also increased the difficulty of servicing Egypt's \$38 billion foreign debt. Cut-backs in imports have slowed growth in GDP to under 3%, down from an average 9% for 1974–82.

The ESF program will help provide immediate financial assistance as well as infrastructure which is essential for Egypt's economic growth and continued stability. For balance-of-payments support, we again propose to allocate part of our ESF program as a cash grant. The commodity import program will provide balance-of-payments support by funding imports of American manufactured goods and other commodities. The balance of our ESF will be devoted to projects to meet basic needs of the Egyptian people in the areas of water and sewerage, health, education, agriculture, and power as well as to promote the growth of the private sector.

One of the primary goals of our economic assistance program is to facilitate the Egyptian Government's efforts to implement economic reforms that are urgently needed to address the deteriorating economic situation. The Egyptians have undertaken some important and welcome reform measures, but accelerated action on a comprehensive approach is needed to restore economic health and growth. The Egyptians are engaged in intensive negotiations with the International Monetary Fund (IMF) and World Bank on financial assistance. We believe IMF and World Bank involvement is essential to restore economic viability. We are encouraged that the Egyptian Government is tackling its economic problems with great determination.

Our PL 480, Title I program enables Egypt to conserve increasingly scarce foreign exchange for sensitive grain imports and implement needed reforms in agriculture.

The Administration's request for \$1.3 billion in forgiven FMS credits reflects our commitment to a long-term military supply relationship with Egypt to help it modernize its forces and replace obsolete Soviet equipment. This support is essential for Egypt to remain a credible deterrent to Libyan adventurism and threats to regional stability.

Our FY 1988 FMS program will fund progress payments and logistical, maintenance, and training support for existing weapon systems. Air defense systems, including ground-to-air missiles and the F-16 and E-2C aircraft, will continue to be the focus of this effort. The only significant new purchases planned in FY 1988 are additional M113 armored personnel carriers and I(improved)-Chaparral air defense systems. As part of the goal of promoting Egyptian military self-sufficiency, we are working to reduce the number of U.S. training teams and the amount of time each team spends in country. This should result in a reduction in the number of our security assistance personnel stationed in Egypt.

Since FY 1985, our FMS assistance has been on a forgiven credit basis. Given the deterioration in Egypt's balance of payments, it is essential that we continue to offer all-grant terms. This helps Egypt to contain the growth of debt servicing obligations. We have offered a proposal on restructuring the FMS loan program to allow Egypt—and other FMS borrowers—to prepay FMS loans or defer payment of part of the interest due.

The \$1.75 million IMET program is an important adjunct to our military assistance program in Egypt. We use IMET funds to train Egyptian military personnel to operate and maintain U.S. equipment. IMET also teaches them U.S. military doctrine and management concepts and helps strengthen ties between the military establishments of the two countries.

Multinational Forces and Observers. The MFO plays a significant peacekeeping role in the Middle East. Established by the Camp David accords to operate in the Sinai, the two benefiting parties—Egypt and Israel—agreed to contribute equally to maintain the forces. The United States entered into a strong political commitment also to provide an equal share of the costs. After high start-up costs in the initial years and some overestimations of its cost when its budgets were based on estimations, the MFO has successfully reduced both costs and budget projections. Last year the MFO's budget was

\$90 million. Despite our strong political commitment to contribute one-third, or \$30 million, along with Israel and Egypt, Congress only appropriated \$24.6 million. We hope to honor our pledge to our close friends with the FY 1988 request in the peacekeeping account.

Jordan. Despite a record of careful planning and good husbanding of scarce resources, Jordan now confronts ominous regional economic trends. Jordan's once robust economy now faces rapidly increasing unemployment, a substantial trade imbalance, lower remittances from workers overseas, and a foreign exchange shortage. Jordan depends heavily on external receipts to drive its service-oriented economy, yet worker remittances dropped 10% in 1985 and again last year. The economy is not being replenished by sufficient investments, which have contracted about 10% annually since 1983. Unemployment is about 8% and has been increasing, especially in the youth segment of the population.

Jordan will continue to play a key role in the search for a negotiated settlement to the Arab-Israeli conflict. King Hussein has publicly recognized Israel's right to exist, has sought scrupulously to maintain the security of Jordan's border with Israel, and has repeatedly undertaken courageous initiatives toward a negotiated settlement. Yet Jordan's ability to be an active participant in the peace process is partly a function of its ability to meet its basic economic and defense needs. Our assistance to Jordan provides both tangible and psychological support against radicalism that, if unchecked, could undermine years of U.S. effort to bring Arab states and Israel to the negotiating table.

Military supply has been a key element in our relations with Jordan for over 30 years. Our proposal for military assistance in FY 1988 is \$53.8 million, which includes \$40 million for the military assistance program (MAP), \$12 million in FMS credits, and \$1.8 million for IMET. Because of budgetary constraints, our FY 1987 military assistance allocation to Jordan was 50% less than 1986. In FY 1988, we are requesting a 29% increase over the sharply reduced level in 1987. This increase is essential if we are to continue to provide spare parts and training to support U.S. equipment already in Jordan's inventory. More than three-quarters of our total military assistance would be in the form of all-grant MAP funds, instead of FMS credits, to help compensate for our budgetary stringencies.

Our ESF proposal for \$18 million will be used to support highlands agriculture, water, sewerage services, health, and technical training projects in Jordan. The ESF level proposed for 1988 represents a slight increase over the \$15 million allocated in 1986 and the \$14 million in 1987. It includes two components—\$11 million for Jordanian programs and \$7 million for Jordan's recent West Bank-Gaza initiative.

In 1986 King Hussein announced an ambitious effort to stimulate economic growth and improve living conditions in the Israeli-occupied West Bank and Gaza. Jordan's initiative is designed to build on its longstanding ties to those areas and to show its concern for Palestinians there. We decided to make an early contribution to this initiative in order to demonstrate our confidence in Jordan's efforts and to stimulate Jordan's other friends to contribute. We provided \$5.5 million from FY 1986 year-end funds and are providing \$7 million in 1987. Our effort will benefit residents of the occupied territories and give them a stake in progress toward peace.

Lebanon. The long-term objective of our program in Lebanon is to support the aspirations of the vast majority of Lebanese for unity, sovereignty, and independence. While soberly and painfully aware of the problems that currently exist, we continue to support the extension of effective authority of the central government throughout the country. Creating and maintaining a core of military officers through the IMET program, for which we are requesting \$475,000, contributes to that goal because the Lebanese Army will have to play a critical role in any settlement. Our modest ESF request of \$300,000—principally disaster relief administered through private voluntary organizations—is intended to help relieve some of the suffering that Lebanese civilians, including Lebanese refugees displaced by the civil war, bear in the current tragic circumstances.

UNIFIL. Although our financial contribution to the UN Interim Force in Lebanon (UNIFIL) is contained in the State Department budget and thus is not under this committee's immediate purview, I want to raise the issue because support for UNIFIL is an important element in our policy in the Middle East. We believe that UNIFIL is a stabilizing element in south Lebanon and could play a key role in future long-term security arrangements between Israel and Lebanon. Shortfalls in the U.S. contribution

over the past 2 years have had to be absorbed by UNIFIL's troop contributors. They look to us, as the country at whose urging UNIFIL was established, to provide political support for the force and to meet our financial obligations. None of the troop contributors has threatened to withdraw from the force because of financing alone, but all have indicated that the financial burden weighs increasingly heavily in their decisionmaking.

The supplemental for FY 1987 contains a request for \$21.6 million for UNIFIL, to make up part of these past—\$60.8 million—arrears. Our request for UNIFIL for FY 1988 is \$19.3 million, as against an anticipated assessment of \$44.2 million. We strongly urge this committee to make clear its support for our continuing participation in UNIFIL funding.

Regional Program. We are requesting \$20 million in ESF in FY 1988 for the Middle East regional program. This will provide grants of \$12 million to private American voluntary organizations for use in the West Bank and Gaza; \$5 million for regional—that is Egyptian-Israeli—cooperation on scientific and technical projects; \$1 million for multi-country development projects carried out by the Agency for International Development (AID) that involve population programs, legal training, and project design and evaluation in the Middle East and Asia. Our proposal for the regional account also includes \$2 million to help support the American University of Beirut, an important cultural and educational link between the United States and Lebanon that is in our interest to preserve.

Our assistance to the West Bank and Gaza clearly and effectively demonstrates American concern for the well-being of the Palestinians residing there. We believe this assistance in improving the quality of Palestinian economic and social life contributes to an improved climate for a negotiated settlement. It is a complementary but separate program from the Jordanian West Bank program which we also support.

Since 1975, in our direct program, we have provided about \$70 million in economic assistance to the West Bank and Gaza. We committed about \$14 million in FY 1986. Budget constraints forced a sharp reduction in 1987 to \$8.5 million, which permits only partial funding of the program and prevents us from undertaking new activities. Our request for \$12 million for 1988 will allow us to continue to support new private volun-

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tary organizations' projects as projects that were begun in past years are completed.

The regional cooperation program is the second largest component of the Middle East regional account and funds scientific and technical projects in which Israeli, Egyptian, and American universities jointly participate, along with their respective governments and other institutions. These counterpart projects include arid lands agriculture, technology exchange in agriculture, marine sciences, and infectious disease research. The goal is further to normalize relations between Israel and Egypt and hopefully other Arab states in the future.

Southwest Asia-Persian Gulf

Our interests in the Persian Gulf lie in protecting the free flow of oil through the Strait of Hormuz, blocking Soviet expansion, and ensuring the continued stability of the Arab gulf states, particularly in the face of Iranian radicalism. The President, in his February 25th statement, reiterated our strong commitment to the stability and security of all our friends in the gulf region as well as to ensuring the free flow of oil through the Strait of Hormuz.

About 60% of the free world's proven oil reserves and 25% of its crude oil production are located in the gulf. This oil will continue to be critical to the economic health of the West during the next decade and beyond. Our strategic interests require that we counter Soviet efforts to gain inroads in this vital area and help our friends guard against threats to their security and stability.

Our security assistance and arms transfer programs in the gulf are designed to provide the moderate Arab states with means necessary for their own defense, individually and collectively within the Gulf Cooperation Council (GCC) and, in the process, defense of our mutual interests.

The Iran-Iraq war, now in its seventh year, is of special concern to the moderate Arab states of the gulf. They view Iraq's defense efforts as critical to their own survival and act accordingly. The danger of spillover of the war has been particularly great since Iranian troops occupied Faw, just a few miles from the Kuwaiti border, in February 1986. Iranian naval activity in the lower part of the gulf heated up in the course of 1986 and has continued into 1987. Iran has targeted facilities of nonbelligerent states, such as the United Arab Emirates, and has increased attacks on neutral international shipping in and

near the strategic Strait of Hormuz. We have an important stake in ensuring that the threatened states have the wherewithal to defend themselves and in supporting them in order to deter Iran from even considering direct confrontation with them.

Our extensive web of relations with the moderate states of the gulf have political, diplomatic, commercial, economic, and military dimensions. Our assistance programs and FMS to friendly countries help to ensure access to the petroleum resources of the region for the United States, our allies and friends, and access to military facilities should U.S. forces ever be required in time of crisis. By strengthening the individual and collective self-defense capabilities of the GCC states, we may never need to deploy U.S. soldiers to the gulf to defend our vital interests there.

Oman. Our 1980 access agreement with Oman is key to U.S. strategy for the protection of the Persian Gulf. This agreement allows U.S. military access to certain facilities in Oman under contingency conditions. The United States and Oman added an economic development dimension to the enhanced bilateral relationship by creating a Joint Commission on Economic and Technical Cooperation and development projects that are supported by ESF. The Omani Government attaches great importance to the economic side of our cooperation because it demonstrates that our bilateral relations are multifaceted and not based solely on joint security interests. A reduction in this program could make more difficult the review of our access agreement in the next several years.

Because of budgetary constraints, our ESF allocation for Oman in 1987 was \$15 million, about \$4.5 million below the 1986 level. We have asked for an additional \$5 million in the 1987 supplemental budget request and \$20 million in 1988, the same amount provided in 1985.

Our FY 1988 request for Oman also includes \$5.15 million in FMS credits. The United Kingdom remains Oman's main military supplier, but Oman is interested in using FMS credits to purchase major items from the United States. Given their difficult economic situation, however, the Omanis are prudently assessing their allocation of scarce budgetary resources between security and economic needs.

Yemen Arab Republic. Our FY 1988 request for the Yemen Arab Republic (Y.A.R.) includes \$3 million in MAP funds, \$1.1 million for IMET, \$5 million in PL 480 food aid and \$22 million in development assistance.

The Y.A.R. occupies a strategic, buffer area between the Marxist People's Democratic Republic of Yemen (P.D.R.Y.) and Saudi Arabia. It has been threatened in the past by both direct attacks from, and insurgency supported by, successive P.D.R.Y. regimes. Last year's coup in the P.D.R.Y. raised anew the potential for outside-inspired subversion because the coup brought to power some particularly doctrinaire communists who have advocated insurgency against the North. Our interests are served by supporting a stable government in Sanaa that can resist outside threats and meet the needs of the people for sustained economic development.

The Y.A.R. is one of the poorest and least developed countries in the Middle East. In recent years, it has been seriously affected by the sharp decline in Arab donor aid and a drop in worker remittances. While an American oil company has found significant oil reserves in the Y.A.R., it will be several years before the full economic benefits will be felt. Even then, given the large population and the near total lack of infrastructure and industry, that new income will take time to have a meaningful impact on the life of the average Yemeni or the Y.A.R.'s ability to fund its own needs.

The Y.A.R. will use MAP funds to maintain U.S.-origin equipment and support training for its armed forces. It would like to see major increases, currently impractical given our budgetary constraints. It is essential that we maintain and, whenever possible, strengthen our program as an alternative to Soviet military influence and to increase the Yemeni Armed Forces' effectiveness as a deterrent to further military adventurism by the Marxist P.D.R.Y. Overall, our assistance program fosters closer cooperation between our two military establishments and develops skills needed for operation and maintenance of U.S. equipment. It also helps meet the Y.A.R.'s need for a strong defense and reliable friends, and complements longstanding cooperative assistance programs with Saudi Arabia.

North Africa

Tunisia. Our contribution of approximately \$847 million in economic assistance through AID between 1962 and 1986 has helped Tunisia move into the ranks of middle-income countries. Since the 1980 Libyan-backed attack at Gafsa, U.S. military assistance of some \$500 million has enabled Tunisia to develop a limited deterrent to further potential aggression from Tripoli. We judge those threats to be serious and continuing.

Militarily frail, Tunisia is especially vulnerable to pressures from Libya at this time of political development and transition. Equally important, the deleterious regional economic trends have resulted in an urgent liquidity crisis. In response, the Tunisian Government has undertaken a major structural adjustment program which encompasses increases in basic commodity prices, limits on wage increases, modifications of price control, liberalization of imports, cuts in subsidies, and a 25% devaluation of the dinar.

For FY 1988, the Administration has requested \$40 million in MAP, \$20 million in ESF, \$5 million in PL 480, Title I, and \$1.42 million in IMET for Tunisia. MAP financing will provide modest funding for replacement equipment, as well as necessary maintenance and ammunition to support existing inventories. ESF will help finance the foreign exchange deficit. Our economic assistance includes funds for a fast-disbursing commodity import program, scholarships, and agricultural projects to promote greater productivity and technology transfer.

Morocco. Morocco frequently supports U.S. policies and we share important mutual interests in a number of strategic areas. Joint military exercises give our forces a near-ideal venue for a level of training unsurpassed outside of NATO. Morocco has agreed to access and transit for U.S. forces on a case-by-case basis. The Voice of America is now developing the free world's most powerful radio transmitter at a site near Tangier. Such cooperation has a long and distinguished history: 1987 marks the bicentennial in friendly, treaty relations between Morocco and the United States.

King Hassan and his government have been a moderating influence in Arab, African, and nonaligned circles on issues ranging from the Middle East peace process to name-calling at the United Nations. Last July King Hassan hosted then Israeli Prime Minister Peres for direct discussions on Middle East issues. Shortly thereafter, the King abrogated his unity treaty with Libya. Both were constructive, courageous actions.

Morocco is now addressing, in cooperation with the World Bank and the IMF, serious economic problems, many of which were caused by factors beyond its immediate control. Measures include dismantling administrative controls and protectionist measures in order to create an open, liberal economy which relies on markets to allocate resources.

Morocco has reduced maximum tariffs on imports from over 100% to 45% in 3 years, devalued the monetary unit (dirham) by over 20% in 2 years, simplified customs procedures, decontrolled many prices, and reduced consumer subsidies by over \$100 million in 2 years.

The Government of Morocco perceives our ESF levels as an especially important indicator of the state of the bilateral political relationship. In seeking \$20 million ESF funding in FY 1988, we will help Morocco to persevere in a difficult economic adjustment program. The requested increases in MAP and FMS loans, although not sufficient to cover purchases of new, major end-use items, will help meet a shortfall in sustenance levels required to maintain and operate U.S. equipment provided under previous programs.

South Asia

Afghanistan. U.S. opposition to the Soviet military presence in Afghanistan is unequivocal. In the absence of a political settlement which provides for the prompt and complete withdrawal of Soviet troops and self-determination for the Afghan people, we will continue our firm support for the Afghan cause. In attempting to make good their conquest, the Soviets pursue policies which effectively "generate" refugees. They have engaged in deliberate destruction of crops, livestock, and irrigation systems and in the disruption of trade and transportation networks. The effect is to lower an already inadequate standard of living to well below subsistence level.

Our humanitarian assistance programs aim to counter these Soviet policies. Our aim is to provide war-affected Afghans with the wherewithal to remain inside Afghanistan and not to become refugees. We further seek to strengthen the newly formed Afghan Resistance Alliance, which administers these programs inside Afghanistan. Not least, these programs help to minimize the suffering of a people who have suffered far too much over 7 years of war.

In FY 1987, our humanitarian assistance programs for Afghans inside Afghanistan will total roughly \$50 million, a substantial increase over FY 1985 levels when these programs got underway. Our efforts include \$30 million for AID-administered health, education, and commodity support programs; \$17 million for the transportation of nonlethal excess Department of Defense supplies and the transport costs of Afghan war wounded seeking specialized, privately arranged medical care

unavailable in Pakistan; and additional PL 480 food aid. We will make a similar request in FY 1988.

Pakistan. An important element of our Afghan policy is bolstering the "front-line" state of Pakistan. A close strategic friend of the United States in its own right, Pakistan plays a critical and dangerous role in opposing Soviet aggression. It is a haven for 3 million Afghan refugees and is threatened by Soviet aggression—indeed, repeatedly targeted by communist bombing raids on its territory. Pressures have not abated. Afghan fighting has intensified, and Soviet-Kabul regime attacks across the border, as well as sabotage activities inside Pakistan, have increased.

Our policy is to encourage a strong, independent, and prosperous Pakistan. The 1981 multiyear assistance program, a \$3.2 billion package of economic and military aid now in its final year, has been notably successful in achieving its objectives—giving Pakistan the confidence in our support to stand up to the Soviets, exercising restraint in the nuclear area through conventional arms transfer, seeking better relations with India, and managing a smooth transition to democratic government at home.

Pakistan continues to need our support and our help. Last March, we agreed on the broad outlines of a new program of assistance, amounting to \$4.02 billion over 6 years, beginning in FY 1988. With congressional support, this program will enable us to continue efforts to help Pakistan—now under civilian rule—to address vital needs for defense modernization, balance-of-payments help, and refugee aid.

The proposed new program is split 57/43 in favor of economic over military assistance, as opposed to the 50/50 ratio in the current program. On the economic side, the package will continue important programs in health, family planning, energy, and agriculture and will provide short-term balance-of-payments support as well. The assistance package also supports Pakistan's efforts to deal effectively with its serious drug problem. Congressional support for the package will underscore our long-term, bipartisan commitment to Pakistan's security and progress. The terms of the assistance programs we propose take into account the problem of debt which Pakistan faces, by being more concessional than those in the current multiyear program. In determining which weapons are to be funded through the proposed FMS credits, we will remain mindful of the need to avoid upsetting what has been an essentially stable military balance on the subcontinent.

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I assure you that nuclear non-proliferation remains a central national security concern of this Administration and a key issue in our relationship with Pakistan. Our assistance relationship is designed to advance both our nonproliferation and our strategic objectives relating to Afghanistan. Development of a close and reliable security partnership with Pakistan gives Pakistan an alternative to nuclear weapons to meet its legitimate security needs and strengthens our influence on Pakistan's nuclear decisionmaking. Shifting to a policy of threats and public ultimatums would in our view decrease, not increase, our ability to continue to make a contribution to preventing a nuclear arms race in South Asia. Undermining the credibility of the security relationship with the United States would itself create incentives for Pakistan to ignore our concerns and push forward in the direction of nuclear weapons acquisition.

India. The Administration attaches high priority to developing a close relationship with India, South Asia's largest nation and the world's largest democracy. Our long-term interests require that we broaden and deepen both our political dialogue and practical areas of cooperation with India. Both governments reaffirmed their dedication to this effort during Prime Minister Gandhi's June 1985 visit with President Reagan. We have consistently supported the unity of India and oppose demands for a separate state of Khalistan, just as we oppose and condemn the terrorism employed by some of its advocates.

America's private sector is playing an increasing role bringing our countries together. India's bold measures to liberalize the economy are attracting a growing number of U.S. exporters and investors. We continue to be India's largest trading partner, and U.S. business is the leading source of new foreign investment and new industrial and technological collaborations. The anticipated sale of an American supercomputer will make a key contribution to India's efforts to predict the annual monsoon on which its farmers depend.

Our governments too have found new avenues of cooperation. One is defense production and increased military contact. Last year India decided to purchase American engines for prototype models of its light combat aircraft and signed an agreement to coproduce a U.S. naval turbine for use in Indian ships. Under the U.S.-India Science and Technology Initiative inaugurated by President Reagan and the late Prime

Minister Indira Gandhi, U.S. and Indian scientists participate as scientific equals with joint investment for mutual benefit in areas such as health and agriculture.

U.S. economic assistance programs strongly support these efforts. Yesterday U.S. aid made it possible for India to banish the threat of famine. Today our development assistance, down to \$50 million in our proposal for FY 1988, has been redirected to provide quality inputs which respond to new priorities in business and technology, while still helping the 350 million Indians who remain below the poverty line. Resource transfers have given way to expanded technical assistance, training, and research. AID programs support work in biomedicine, energy technology, and research and development in the private sector, as well as assistance in such areas as nutrition and child survival. The PL 480 food assistance program assists India's most vulnerable people—low-income children and mothers—and has recently helped reopen the Indian market to commercial exports of U.S. vegetable oil, supported by the U.S. export enhancement program.

India has vast potential as a market for U.S. goods. With 100 million people already able to buy a great variety of consumer goods, our aid program is becoming increasingly important to our efforts to promote U.S. exports and to strengthen reliance on market forces in India. It brings awareness of and access to American technology in all parts of India. An AID grant made it possible for a U.S. firm to meet foreign mixed-credit competition and win a computer contract which could result in \$500 million in U.S. exports.

In all these ways, despite substantial reductions due to budgetary pressures, U.S. assistance continues to have an important impact in meeting India's needs and a visibility far greater than the amount would suggest. AID keeps open a channel of dialogue which withstands all political differences. U.S. political objectives, and the future of U.S. business ties with India, are strongly supported by our ability to maintain this program.

Bangladesh. Our programs in Bangladesh contribute directly to economic growth, stability, equity, and reform in this poor nation of 100 million. They also help to increase Bangladesh's capacity to attain self-sufficiency in foodgrain production, while ensuring an adequate food supply, especially to the most needy. With our support, Bangladesh has encouraged increased private-

sector participation in the economy and greater scope for individual initiative. In the past year, martial law ended and representative institutions including an elected national assembly began to function again.

Given Bangladesh's poverty and enormous needs, our assistance is all grant. We propose \$60 million in development assistance, \$60 million PL 480, Title I/III, \$20,395 PL 480, Title II, and \$300,000 in IMET funds.

Sri Lanka. We have had a long and friendly relationship with Sri Lanka, a country noted for its democratic traditions and its more recent economic success, both of which serve as proof to other developing countries of the efficacy of the political and economic system we advocate. Our ties have grown especially close over the last decade, as we played a major role in Sri Lanka's efforts to develop the water and energy resources of its Mahaweli River system. With the near-completion of that scheme, our assistance programs have contracted and will now focus on private enterprise, agriculture, health, nutrition, and housing. We remain concerned over the continuing insurgency which threatens Sri Lankan unity, and we support efforts by all involved to bring a peaceful solution, while preserving the unity of the island. Our request is for \$16.79 million in developmental assistance, \$16 million PL 480, Title I (loan), \$2.5 million PL 480 (grant), and \$160,000 IMET.

Nepal. Our aid partnership with Nepal demonstrates our continuing support for Nepalese independence and sovereignty. Our programs are designed to support Nepal's own efforts to achieve balanced economic and political development. The good relations we maintain with Nepal reinforce that small nation's moderate voice in international organizations—such as the United Nations and the Nonaligned Movement—and support its participation in international peacekeeping forces such as UNIFIL. We are requesting \$13 million in developmental assistance and \$100,000 in IMET.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. ■

*Statement before the Subcommittee
on Immigration and Refugee Policy of
the Senate Judiciary Committee on
February 5, 1987. Ambassador Armacost
is Under Secretary for Political Affairs.¹*

I told Malawi's President Banda of our contribution of \$250,000 to the Red Cross and urged that he make full use of UNHCR [UN High Commissioner for Refugees] assistance in dealing with the refugee burden. I assured him and other government leaders I met that the United States intends to continue to play its traditional role as a leader of international refugee relief efforts.

The support of Congress is essential if we are to meet this traditional American commitment. The drastic reductions made in the foreign affairs appropriation must not be repeated for FY 1988. The estimated \$148.2 million in humanitarian and development assistance that we will provide to the region this fiscal year will quite literally save millions of lives.

In Africa today, there are some 2.8 million refugees—people who have fled their country of origin because of persecution and/or generalized conditions of violence. Over 30% of this total are in southern Africa. This map indicates the magnitude of the major refugee populations in southern Africa. You can see graphically the inter-relationships and regional nature of these human flows.

In addition, there are millions of southern Africans who are displaced and/or at risk within their own countries.

The situation is most acute in Mozambique, where debilitating insurgency combined with a long-term economic crisis have generated more than 350,000 refugees. Offensives by the South-African supported insurgent movement RENAMO [Mozambique National Resistance] and government counterattacks have devastated Mozambique's economic

infrastructure, transportation routes, health centers, and schools. Almost 2 million people have been displaced. Agricultural production has declined steadily. One-third of the nation's 15 million citizens can no longer feed themselves, and 1.5 million more have the resources to buy food but cannot find it in the markets.

Over the past 4 years, Mozambique has made significant efforts to deal with its problems. It has progressively abandoned failed Marxist economic policies, opened its economy to greater private initiative, and developed important new diplomatic, economic, and security relationships with the West. When I met with President Chissano in Maputo, he reaffirmed Mozambique's intention to continue these policies and to build on

REFUGEE FLOWS

Under 100,000
 100,000 and over
 Relocated or repatriated refugees

Figures represent rough estimates of number of refugees.
 Names and boundary representations are not necessarily authoritative.

REFUGEES

the improvement of relations with the United States which began with the late President Machel's meeting with President Reagan. I assured President Chissano that the United States would continue to work with Mozambique and that American food aid would continue to assist the Mozambican people.

In Angola, the Soviet Union and Cuba continue their decade-long intervention on behalf of the MPLA [Popular Movement for the Liberation of Angola] regime in Luanda. The MPLA has thus far chosen to rely on Soviet arms and Cuban troops rather than resume negotiations that could lead to national reconciliation, Namibian independence, and the withdrawal of all foreign forces—Cuban and South African—from the region.

National reconciliation, which must include the opportunity for the Angolan nationalist movement UNITA [National Union for the Total Independence of Angola] to play an active role, is essential to peace in Angola. Such a political settlement would surely be welcomed by the almost 400,000 Angolans who have sought asylum in Zaire and other neighboring countries and by the more than 200,000 Angolans internally displaced.

Events in South Africa have already generated 20,000–30,000 refugees, and the destructive cycle of repression and violence could ultimately induce many times that number to flee. The United States and many other countries around the world have historically offered asylum to South African refugees. This option must continue to be available in appropriate cases. However, the crisis in South Africa must be solved through a real political dialogue in which all the people of that country are free to participate. Our contacts with South Africans of all races and across the entire political spectrum are designed to challenge them to get on with this task. We continue to underscore our readiness to be helpful when South Africans themselves recognize that negotiations and an accommodation of interests are the only way out of their national dilemma.

Protection Issues

A positive feature of the African refugee scene is the willingness of nations to provide asylum to refugees from neighboring countries. The generosity of host countries, however, is not without significant costs and dangers. The basic needs of refugees often place great stress on economies that are unable to provide adequately for their own citizens. The current tragic situation would be com-

pounded if these pressures resulted in civil unrest between host country and refugee populations.

Political-military pressures also serve to jeopardize the principle of first asylum in southern Africa. Providing asylum to refugees has often subjected the host countries to attacks from South Africa and insurgent movements. Bilateral relationships sometimes make it difficult for countries of asylum to acknowledge the presence of refugees. This may limit the ability of international organizations to provide protection to the refugees and lead to delays in providing them needed assistance.

U.S. Assistance and Policy

The United States is a leader in international humanitarian assistance. We actively support international relief agencies. We provide approximately 30% of the UNHCR's Africa budget and 25% of the ICRC [International Committee of the Red Cross] Africa program, in addition to some bilateral projects. That translates into about \$13 million for southern Africa this year.

We are extremely concerned about the suffering inside Mozambique and have put in place a famine early-warning system. The Agency for International Development's (AID) Office of Foreign Disaster Assistance (OFDA) has provided about \$15 million over the last 2 years for emergency relief. Additional funds will help move 150,000 metric tons of essential food commodities to be made available under our Food for Peace program. OFDA is also providing funds for relief and feeding operations in the so-called homelands of South Africa. Nearly 1 million people benefit from this program.

Our response to the refugee and displaced persons crisis in southern Africa has emerged within the context of a long-term American commitment to the economic development and stability of the region. We recognize that these victims of repression and violent resistance are both a manifestation and a cause of instability and injustice in the region.

As Secretary Shultz made clear in his speech of last December 4, the United States intends to remain engaged in the search for peace with justice in southern Africa. We are not just against apartheid; we are for a new, democratic South Africa whose people would enjoy equal political, economic, and social rights. We are for a southern Africa free of the threat and reality of violence and economic confrontation which now hang

over the entire region. We are for a southern Africa able to develop its vast economic potential, secure in its historic ties to the West, and free of Soviet and Cuban military intervention.

Over the past 5 years, the United States has provided some \$1.3 billion in economic assistance to southern African countries. We provide additional multilateral development assistance through the UN system, such as the UN Development Program (UNDP), and through the multilateral development banks.

Our southern Africa assistance effort includes the \$25 million program in South Africa to help victims of apartheid. This program has helped fund scholarships for students to study in the United States, training of black entrepreneurs and trade-unionists, and projects in the areas of community development, youth activities, and legal aid.

The United States also supports three scholarship programs for refugees from southern Africa for study at the postsecondary and university levels. Over 1,000 refugee students have been trained since the late 1970s. These programs have received bipartisan support over the years. We welcome continued congressional support.

The U.S. Government provides much of the funding for American private voluntary organizations in southern Africa, including that for a number of development projects to help refugees become more self-sufficient.

Under the Food for Peace program this year, we expect to provide food valued at \$62 million, including that which is badly needed for Mozambique.

New U.S. Assistance Initiative

Last year President Reagan announced his intention to present to Congress a comprehensive multiyear program designed to promote economic reform and development in the black-ruled states of southern Africa.

Last week the President sent that package to Congress. Together with the efforts of our Western allies and Japan, this initiative represents enhanced Western commitment and engagement in the region. It offers Western-backed alternatives to unhealthy and uneconomic overdependence by the region on South Africa and will provide strong support to the significant efforts at policy reform and regional development being made by southern African countries themselves.

Refugee Resettlement

As part of the international effort to provide for the relatively small number of refugees who need but cannot find temporary or long-term asylum in the region, the United States maintains a resettlement program for Africans within its worldwide refugee admissions program. In consultations between the President and the Congress, a ceiling of 3,500 admissions—500 higher than last year—was agreed upon for African refugees in FY 1987. Because the great majority of African refugees avail themselves of the hospitality of neighboring countries of asylum, this ceiling should accommodate eligible applicants.

International Humanitarian Relief Effort

The United States is not alone in addressing the grave problem of the several million refugees and displaced persons in southern Africa. The international community is actively responding as well.

The UN Secretary General has formed an emergency task force of all specialized agencies to respond to relief and rehabilitation needs, especially in Mozambique, on a coherent basis.

The UNHCR has established a task force on the southern Africa situation and is actively helping Malawi develop an assistance strategy for Mozambican refugees and the affected local populations. UNHCR awaits an invitation to exercise its protection mandate on behalf of the Mozambican refugees in South Africa. A UNHCR team has assessed the situation inside the country to determine how Mozambicans in surrounding nations might be repatriated and will soon report its findings.

The ICRC continues to operate within South Africa and to meet the basic needs of some 200,000 persons internally displaced by the conflict in the central plateau of Angola. The ICRC has not, however, been able to operate freely in Mozambique. Neither RENAMO nor the government has been able to provide adequate assurances of respect for the neutral Red Cross emblem.

The League of Red Cross and Red Crescent Societies is training national societies in refugee emergency management. It also launched a \$2.1 million appeal for assistance to the Malawi Red Cross efforts in caring for Mozambican refugees in Malawi—an appeal to which we responded promptly. This was the first time Malawi had requested international assistance for refugees.

Multilateral Agreement on Space Station

JOINT STATEMENT, FEB. 12, 1987¹

Following an interagency review by the U.S. Government of issues relating to international participation in the space station program, the United States convened a multilateral meeting in Washington, D.C., February 11–12.

Government delegations from the United States, Canada, Japan, and European Space Agency member states Austria, Belgium, Denmark, France, Federal Republic of Germany, Italy, the Netherlands, Norway, Spain, Sweden, Switzerland, and the United Kingdom (together, “the Partners”) met to discuss the principles to be embodied in intergovernmental agreements on the space station.

At the start of the meeting, the United States reported that there is no change in its approach to international

participation as expressed in the President’s 1984 invitation.

All Partners reaffirmed their intention to cooperate on the basis of genuine partnership pursuant to agreements for participation in the design, development, operation, and utilization of a civil space station in a manner consistent with international law.

All Partners confirmed their intention that the space station should provide the opportunity to establish a long-term mutually beneficial relationship to further promote the exploration and use of outer space. They further confirmed that the space station will be developed and used for peaceful purposes.

The Partners expressed their intention to continue the negotiations.

¹Made available to news correspondents by Department deputy spokesman Phyllis Oakley. ■

Our contributions to meeting the refugee crisis in southern Africa have been timely and tailored to the needs and absorptive capacities of the recipients. Our efforts have been entirely consistent with our ongoing efforts to help all the people of southern Africa solve their problems through negotiation and mutual accommodation. In partner-

ship with Congress, we intend to continue this effort because it represents the only hope for achieving peace and justice in southern Africa.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Resolving the Sri Lankan Conflict

by Robert A. Peck

Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on March 12, 1987. Mr. Peck is Deputy Assistant Secretary for Near Eastern and South Asian Affairs.¹

I welcome this opportunity to meet with you today to discuss Sri Lanka and the Administration's policies toward that island nation.

Among today's developing countries, Sri Lanka stands out as one of the few which have successfully passed more than once the toughest test facing any democracy—peaceful transition of power from one political party to another. In five general elections since 1948, voters have turned the party in control out of office. The country boasts a unicameral legislature elected by universal adult suffrage, an independent judiciary, and a lively and free press. Its highly literate citizenry participates enthusiastically in the political process. This democratic tradition is not new nor is it fragile. It became a part of Sri Lankan life in 1932 when the country had its first elections, became especially vigorous since Sri Lanka became independent in 1948, and remains intact today.

In recent years, Sri Lanka has been noteworthy not only for its successful practice of democracy but for its economic achievements as well. The quality of life is high for the average Sri Lankan. Even though Sri Lanka's per capita income was only \$372 in 1985, the life expectancy of Sri Lankans was 69 years, the highest in South Asia. For the past 10 years, the government has increasingly abandoned an earlier reliance on statist economic policies and adopted reforms designed to encourage accelerated economic growth through reliance on liberal and responsible economic management and expansion of the private sector. Significant numbers of public sector enterprises have returned to private hands, and this trend is expected to continue as the government adopts new measures.

The Sri Lankan Government's faith in these recent economic policy reforms has been justified by results. Despite the ethnic conflict and depressed prices for some of its traditional agricultural commodities, these new policies, combined with the industriousness of the Sri Lankan people, have produced growth

rates close to 5%. This is a remarkable achievement and one worthy of our continued support.

U.S. interests in Sri Lanka derive from its strong democratic traditions and its more recent economic success, both of which serve as proof to other developing countries of the efficacy of the political and economic system we advocate. Sri Lanka is, moreover, a good friend of the United States. The Sri Lankan Government recently agreed to upgrade the capabilities of a long-existing Voice of America (VOA) facility, part of a global effort to improve the effectiveness of these broadcasts. We have also been pleased by Sri Lanka's moderate voice in multilateral forums and by its general policy opening its ports to visits by ships of all nations.

Background to the Conflict

Sri Lanka's principal problem, and our principal concern, is the current spasm of ethnic conflict between the majority Sinhalese, who make up 74% of the population, and the Sri Lankan Tamils, who migrated to Sri Lanka from south India centuries ago and who currently comprise approximately 12.5% of the population. There are also smaller groups, most predominantly the so-called Indian Tamils (5.5%), who are more recent immigrants and who work the tea estates in the central part of the country, and Moslems (7%). Each of these groups has unique linguistic, cultural, and religious characteristics, but they have lived side-by-side in relative harmony for most of recent Sri Lankan history. Since independence, however, tensions between the Sri Lankan Tamils and the Sinhalese have grown steadily worse.

Sri Lankan Tamils live throughout the country, including Colombo, but are heavily concentrated in the north and parts of the east. Sri Lankan Tamils have always occupied prominent positions in government, commerce, and the professions. Many are university graduates and significant landowners. At one time, 40% of the university students were Tamils. Tamils believe that since independence, successive governments dominated by Sinhalese have discriminated against them in such areas as access to education and jobs. Sri Lankan Tamils considered government measures after 1956 to promote the use of Sinhala, at the expense of Tamil and English, to be particularly discriminatory.

After assuming power in 1977, the government of President Jayewardene adopted several measures in an attempt to respond to Tamil concerns. It scrapped the previous government's university admissions policies, which tended to restrict Tamil admissions to their percentage of the national population. Approximately 25% of the university students are now Tamils. The government also increased the number of national universities from two to eight plus an open university so that there are now places available for many more students of all ethnic communities. In addition, the government has continued to include Tamils in high government positions. At present, the chief justice, the attorney general, three cabinet ministers, and several secretaries of ministries are Tamils. The just-retired army chief of staff was a Tamil. Also the government restored Tamil to the status of a national language in 1978 and began to stress the use and study of English as a link-language.

Militant Factions

In the mid-1970's, many Tamil leaders and frustrated youths began to feel that the only way for them to redress their grievances was to separate the Tamil majority areas from Sri Lanka and form an independent Tamil state, to be known as Tamil "Eelam." The political leaders, joining together under the banner of the Tamil United Liberation Front (TULF), contested the elections of 1977 on a platform of independence and won all 14 seats in the northern province and 2 seats in the east. Tamil youths, not confident that the political process would provide redress for the grievances or allow the creation of a Tamil state, formed militant groups and turned to armed struggle as the political process lagged in achieving their goals.

The simmering ethnic conflict came to a head in 1983 after parliamentary elections and local government elections. Tamil militants began to attack banks, government-owned buses and trains, police stations, and security forces in the north. A backlash produced communal rioting in the south. In Colombo 387 people, mostly Tamil, were killed.

These events sharply polarized ethnic feelings, eroding the moderate center on both sides. The number of Tamils entering lower level government positions after 1983 dropped significantly. Although never high, the Tamil percentage also fell in the security forces, until now Tamils make up no

more than 5% of the police and 2% of the armed forces. The TULF members of Parliament resigned after refusing to take an oath of allegiance to the unity of Sri Lanka required by a new constitutional amendment; many left to take up residence in south India. This left the Tamil struggle in Sri Lanka to the Tamil militant groups, which have grown in strength and power in the years since 1983.

The Tamil militants represent a very heterogeneous group, but all proclaim the goal of a Tamil state which would include the northern and eastern provinces of Sri Lanka. Total militant strength is probably no more than 10,000, with members drawn from young, unemployed Tamil males. Since 1983, five militant groups have been the most prominent. These are the Liberation Tigers of Tamil Eelam (LTTE), the Eelam People's Revolutionary Liberation Front (EPRLF), the Tamil Eelam Liberation Organization (TELO), the Eelam Revolutionary Organization of Students (EROS), and the People's Liberation Organization of Tamil Eelam (PLOTE).

Although united by the cause of creating a Tamil state, these different groups do not form a unified fighting force. In fact, the last year has seen repeated attacks by the LTTE against other militant groups. The most hard-line group—the LTTE—has engaged in an apparent campaign to absorb or wipe out the other groups to ensure its dominance of the militant movement. In May 1986, the LTTE attacked members of TELO in northern Sri Lanka, killing between 150 and 170, including TELO's leader. Since December, and after LTTE leader Prabhakaran returned to northern Sri Lanka from India, the LTTE began to attack units of the EPRLF which have been active in the east. At least 100 militants have been killed in these attacks, as well as many Tamil civilians suspected of sympathizing with one militant group or another. As we enter 1987, the LTTE has become the dominant militant group. But intergroup fighting continues.

Since 1983 the militants have expanded areas under their effective control in the northern province, including much of the Jaffna Peninsula. The situation in the multiethnic eastern province is more confused, with some areas largely controlled by the militants and some by the security forces. Increasingly the conflict has shifted to the east, largely because of an apparent attempt by the militants to demonstrate *de facto* control there in support of their claim to the area.

Ideologically all militant groups espouse Tamil nationalism mixed with varying degrees of Marxism. The LTTE and EROS are considered to be the most dogmatic of the groups and are likely to seek to impose single-party rule should they gain power. They have indicated that if they achieve control of the multiethnic eastern province, they may force out its Sinhalese residents. In the areas now controlled by the militants, such as the Jaffna Peninsula, tax collection, licensing, police duties, and judicial functions have been established by the militants without normal democratic procedures. Laws are enforced in a harsh and unpredictable manner, with militants resorting to summary executions of alleged informants or other suspected traitors. Although many Tamil residents of these areas are sympathetic to the goals of the militant groups and see them as their main defense against the government's security forces, many observers believe that a free election would bring the moderate Tamil leaders of the TULF, rather than the militants, back into power.

As is clear from the persistence and severity of the fighting, the militants are well-armed and trained. There have been persistent reports in the Indian press that the Tamil militants acquire arms in and through India and that they have received paramilitary training in special camps which their organizations run there. The Indian Government has categorically denied these charges. The press has also reported that some militant leaders have received support and training from international terrorist organizations, such as the Palestine Liberation Organization (PLO). These reports are difficult to confirm. The Sri Lankan Government believes that the militants have built ammunition and bomb factories within northern Sri Lanka. Much of the funding for militant activities appears to come from money sent by militant sympathizers living abroad and from the proceeds of narcotics smuggling. Many Sri Lankan Tamils have been arrested on narcotics trafficking charges in Europe.

In response to the Tamil insurgency, the Sri Lankan security forces have grown substantially, especially during the past year. Before the insurgency, the army was largely a ceremonial army, with limited training and weaponry. It clearly did not have either the training or experience to wage a protracted guerrilla struggle. Since 1983 the security forces and police have doubled in size, and expenditures on defense have grown accordingly. The armed forces' man-

power now exceeds 35,000. The police has grown in size to 20,000, which includes over 1,000 special task force personnel specially charged with counter-insurgency operations. Civilian militia groups have been formed, especially in the east, and their size now approaches 15,000. There has been no need for conscription, since there have been more applicants than can be accommodated.

Escalation of the Conflict

As the security forces and the militants have increased their manpower and obtained better equipment, the conflict has grown, and casualties on both sides have mounted. The number of Sri Lankan civilians killed in the conflict since 1983 probably exceeds 2,000, with 1,500 killed in the last 2 years. During the 4-year period since 1983, at least 515 members of the security forces and police have been killed. As the recent Amnesty International report indicates, many people have disappeared during the conflict. The Amnesty report contends that the security forces are responsible for these disappearances, but the government argues that many of those unaccounted for could have been killed by the militants, changed their names to avoid arrest, joined the militants, or left the country. We estimate that approximately 1,000 persons have disappeared. This figure includes those allegedly abducted by the Tamil militants. Several thousand persons have been reported arrested since the conflict began, although many have since been released.

We estimate that about 4,400 people were killed or wounded in the conflict during 1986, including 800 members of the security forces. As many as 100,000 Sri Lankans have left Sri Lanka since 1983, and over 200,000 were displaced internally in the last 2 years alone. In recent months, there has been a small return flow of Sri Lankan Tamils from southern India back to Sri Lanka. Of those displaced, about one-third are Tamil and two-thirds are Sinhalese, most of them originally living in the northern and eastern provinces. The remaining two-thirds of the country has remained generally calm.

Human Rights Concerns

The fighting has resulted in reports of serious human rights abuses by both sides. In the past year, government security forces opened fire in civilian areas following hit-and-run insurgent attacks and land mine explosions and

launched air strikes or mortar shellings in densely populated areas, particularly on the Jaffna Peninsula. Tamil insurgents bombed and mined transportation facilities and public buildings, attacked Sinhalese villagers living in areas in the eastern province, and executed approximately 100 suspected government informers or sympathizers. The militants also mounted a campaign of attacks on Sinhalese targets in the south which peaked last May when an Air Lanka aircraft was bombed, killing 17 people. This was followed by the bombing of the central telegraph office in Colombo in which 12 persons were killed. Bombs were discovered recently at a Colombo power station, the only such incident since last summer.

In a notable development, the government has recently made an effort to improve the training and discipline of its security forces. The government has distributed information on human rights to its troops and formed teams to teach soldiers Tamil and encourage respect for Tamil culture. Discipline within the army has improved. In the recent military actions in the north, there have been virtually no allegations of human rights abuses by the Sri Lankan Army. This appears to demonstrate the government's concern with human rights. Unfortunately, this cannot be said for the police special task force which was accused of summary executions of a large number of Tamil civilians in an incident last month in the eastern province. We have encouraged continued efforts in this area to address the full range of human rights concerns.

Recent Developments

Recent developments affecting the conflict have included the November seizure by India of the militants' weapons in southern India and the temporary arrest of some militant leaders. For a brief period, the communications gear of the Tamil militants, which enables the leaders to communicate with their forces in Sri Lanka, was also confiscated. Possibly in reaction to this Indian pressure, the leader of the LTTE, Prabhakaran, returned to Jaffna. On January 1, the militants in Jaffna announced that they would begin to expand their takeover of some of the functions of the local government. This prompted the Sri Lankan Government to institute a limited blockade of the Jaffna Peninsula in an attempt to cut off fuel and aluminum going to the north. Sri Lankan forces, in a recent offensive, made some advances in the north, cap-

tured some weapons, but many militants disappeared into the brush. Fighting continues today in the east, but the north is relatively quiet at the moment. Militant control remains firm in the Jaffna area, and the eastern province remains unsettled.

While the fighting has resulted in great loss of life, its impact on the Sri Lankan economy and the economic well-being of most Sri Lankan citizens has not been as great as might be expected. The Sri Lankan economy continues to grow at about 4.5%, a remarkable figure under the circumstances. This is partly due to the subsistence agricultural nature of the economy and the fact that the fighting has been largely concentrated in the north and east. The fact that only one-third of the north and east are arable and few industries were located there has helped in part to reduce the impact of the conflict on the Sri Lankan economy as a whole. Another factor in the resilience of the economy is the government's increased reliance on the private sector. Still, if the conflict continues, the potential for major economic dislocation is great.

The increase in defense expenditures has already resulted in a widening budget deficit, and inflation is beginning to make itself felt. Concerns about the security situation on the island have resulted in a drop in tourist arrivals, once a major source of foreign currency. Foreign investment has dropped by 50% since 1984. Moreover, the problems associated with the communal conflict have been compounded by lower world prices for Sri Lanka's major export commodities. Tea prices are currently one-half what they were in 1984. Offsetting this have been some gains in coconut and rubber production.

Normal economic activity in the Jaffna area has been disrupted, causing severe hardship. Transport problems and harvesting difficulties have caused localized shortages of rice and other staples. The recent government embargo has raised the price of fuel, although the militants have managed to get limited supplies through. And finally, the continued fighting has made it difficult for aid projects to be implemented in contested areas.

Deadlock in Negotiations

Quite obviously, a negotiated solution to the conflict is urgently needed. The Sri Lankan Government, with the determined assistance of India, is energetically seeking a negotiated settlement to the conflict. I am pleased to report that

clear progress has been made in the past year in defining a framework and working out details of arrangements for accommodation of the major demands of the Tamil community. Last summer President Jayewardene proposed the creation of provincial councils which would provide some degree of "home rule" for all parts of the country, including the north and east. Both the United States and India welcomed these proposals as providing an excellent basis for a negotiated settlement. Shortly thereafter the TULF leadership entered into negotiations with the Sri Lankan Government on the specifics of what governmental powers would be devolved and how the proposed councils would govern in practice. TULF delegations traveled to Colombo twice and considerable progress was made, thanks in part to India's useful role in bringing the parties together. By the fall of 1986, there was considerable optimism that a settlement agreeable to the majority of the members of both ethnic communities could be reached.

The militants, however, remained intransigent. They continued to insist on an independent state which would include both the northern and eastern provinces. They refused to participate in negotiations, propose any compromise formulations that might be acceptable to them, and continued the armed struggle. It became increasingly clear to both the Sri Lankan Government and the Indian Government that an effort had to be made to bring the militants into the peace process. Recent negotiating efforts have focused on this objective.

The principal obstacle, both to a settlement and to participation by the Tamil militants in the negotiations, remains the militant demand that the northern and eastern provinces be merged into one Tamil "homeland." The Sri Lankan Government has stated categorically that it cannot accede to this demand. The government points out, correctly, that two-thirds of the population of the eastern province is non-Tamil (about equal numbers of Moslems and Sinhalese) and that their interests and concerns must be taken into account.

In an effort to break the deadlock, the Sri Lankan Government has attempted to shape a compromise that would be acceptable to the militants. One proposal would shift the boundaries of the eastern province to reduce the Sinhalese portion of the population. Another proposal, once under discussion but subsequently dropped, was to cut the province into three parts, thereby

creating Tamil, Moslem, and Sinhalese majority states. The militants, however, have not accepted any of these formulations nor have they advanced any alternatives.

U.S. Policy

A negotiated settlement offers the only hope for resolution of the tragic conflict in Sri Lanka. We support the unity and territorial integrity of Sri Lanka, a democratic government with which we maintain very warm and friendly relations. We admire the statesmanship displayed by President Jayewardene and applaud the detailed and far-reaching proposals put forward by his government. We have also urged the Government of India to remain constructively engaged in the search for a negotiated solution and have praised the very positive Indian role during the past year. We have made clear to all concerned that we do not believe that a purely military solution to the conflict is either possible or desirable.

Since the most effective way to end human rights abuses in Sri Lanka is to end the ethnic strife itself, we believe our strong support for a negotiated solution makes an important contribution in the human rights field. We do not, however, believe that efforts to reduce and eliminate human rights problems need await a final settlement; quite the contrary.

Greater attention to the safety and well-being of Tamil civilians innocently caught up in the conflict will help restore the trust and confidence between the communities which will be required to make any settlement viable. To this end, we have maintained an active, though largely private, dialogue with the government both on general human rights issues and individual cases.

Our assistance programs in Sri Lanka focus on fostering private enterprise, improving health and nutrition, agricultural development, and housing. U.S. aid levels, on a per capita basis, remain significant compared to other aid recipients in the Asian region but have declined substantially in recent years. The decline, which we regret, has in part been due to the near completion of major infrastructure projects associated with the Mahaweli River development scheme, though the severe budget constraints of recent years have accelerated the decline. We intend to remain major contributors within the Sri Lanka donors group and are particularly enthusiastic about the economic environment for development being created by the con-

tinuing economic reform program of the government.

I have detailed for you the substantial progress made in negotiations to resolve this conflict. For the first time, the outline of a solution is evident. We propose to continue to seek every opportunity to register our support for the

negotiating process. My colleagues and I welcome your review of our policies and programs in Sri Lanka.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Human Rights in Cuba

by **Vernon A. Walters**

Statement at the 43rd session of the United Nations Commission on Human Rights in Geneva on March 5, 1987. Ambassador Walters is U.S. Permanent Representative to the United Nations.¹

On November 26, 1986, I came before the Third Committee of the UN General Assembly on behalf of my government to accuse the Government of Cuba of massive, systematic, and flagrant abuses of human rights so offensive as to demand the condemnation of the community of nations.

On that occasion, as time for debate drew rapidly to a close, I deferred to the judgment of friend and foe alike, conceding that we had allowed representatives to the committee insufficient time to consider the question carefully and objectively. Indeed, I was persuaded in particular by the personal appeal of delegates whom I hold in great esteem—delegates who argued convincingly that the time and place most appropriate for the initial introduction of such accusations would be this session of the UN Commission on Human Rights.

Therefore, while my delegation did not object when members of the Third Committee decided to take no action on our proposed resolution, but made clear to all our pledge to raise the issue again in this commission and to raise it continually in all appropriate forums of the United Nations until it has received the hearing it deserves.

I stand before you today to fulfill that pledge and to review the very serious accusations my government has made against the regime of Fidel Castro in Cuba. We will accept no excuse. We will be persuaded by no argument which will delay yet again UN inquiry into the question of human rights in Cuba. Failure to address this question forthrightly, failure to resolve to act decisively,

failure to invoke the moral authority of this organization to relieve in some way the daily suffering of the Cuban people would inflict immeasurable damage upon the reputation of the United Nations itself. Such a failure would confirm the suspicions and doubts of those who perceive in every UN vote or action an underlying hostility to individual liberty and an assault upon the democratic principles enshrined in the Charter and Universal Declaration. The failure of this commission to accept its responsibility now would inevitably aggravate anew a crisis of perception from which the organization may be unable to recover.

As my country made widely known its intention to bring this question before the commission, the reaction in a few capitals and in the corridors of the United Nations has been: "Why Cuba? Why now?"

"Why Cuba?"

It has been suggested to us that the situation in Cuba is not particularly unusual, that it is virtually the same in much of Latin America—no better, no worse. This assertion—accepted as fact by diplomats who I thought would have been better informed—is simply wrong.

Cuba is now a state in which basic human freedoms and rights are denied to the great majority of the citizenry. There is no freedom of expression, no freedom of assembly, no freedom of religion. The Archbishop of Havana, on February 18, in a brave statement to an audience which included foreign diplomats, decried the Cuban Government's "limited tolerance" of the church and called on the state "to guarantee the rights" of those who wish "to exercise fully the right to plan and organize their lives according to the dictates of the Christian faith. . . ." There is no freedom of the press. Despite the Cuban delegate's incredible statement to the press on February 23 that the Cuban media are not controlled by the state, I defy anyone present to find anything

printed in any Cuban newspaper or anything uttered on Cuban radio or TV in the last 10 years which expresses an opinion other than that dictated by the government. Castro on October 26 said: "We do not deny that our media are revolutionary, . . . and at the service of the revolution. . . we have made maximum use. . . [of their] powerful resources to strengthen the revolution. . . ." There is no right to a free trial by an independent judiciary. The citizens do not have the right freely to leave the country. They must apply for a visa to leave the country, and many are turned down. Neither do they have the right freely to elect the government, nor to participate in the formation of that government's policies.

No other state in Latin America approaches Cuba in its total control of its citizens' lives and in its disregard for their basic human rights. In no other country have tens of thousands of citizens crowded into foreign embassies pleading for asylum. No other Latin American country has seen 15% of its population flee to surrounding nations in search of basic freedoms, including freedom from want. No other nation in Latin America so stringently controls the departure of its citizens to prevent an even larger portion of its population from leaving. In no other state in Latin America does the word of one man so determine the fate of all its citizens.

Only a decade ago, as few as 10 Latin American countries had freely elected governments; today, there are 25. Over 90% of the people of Latin America and the Caribbean now live under democratic political systems in which their fundamental freedoms as citizens are increasingly respected. Throughout the region, people have shown a passion for liberty and determination to have governments whose form and composition are commensurate with the innate human capacity for self-government. The vision of the Americas as a region controlled by military juntas or corrupt *caudillos* has simply lost credibility. Problems remain, but the future of Latin America is a future of great promise.

The people of Cuba deserve to share that promise, but have been denied all hope of doing so. The inevitable consequences of the revolution which swept Castro to power had been foretold by experience. The Castro regime, like the model from which it takes direction, seized power by force and retains it through terror. Fidel Castro's regime has imposed upon Cuba an uncompromising dictatorship which is unresponsive to

the aspirations of its own people and, indeed, intolerant of any internal opposition or political heresy. For nearly three decades it has systematically abused its people, compiling a record of brutality and oppression which ranks proportionately among the great tragedies of this century.

"Why Now?"

The question, however, remains: Why now? And the answer is not difficult—because justice demands it. The people of Cuba have suffered long enough, Castro has tormented them with impunity. Our past failure to confront him is no excuse to continue to fail to do so.

This is not the first effort to bring the question of human rights in Cuba to the attention of the United Nations.

- In 1961, when Castro's engineers laid tons of explosives beneath the basement of the prison buildings on the Isle of Pines transforming thousands of inmates from simple political prisoners into hostages of the regime, word of this horrendous crime was smuggled out of Cuba to this very commission. It was ignored.

- In May 1972, as Pedro Luis Boitel lay dying from the effects of a prolonged hunger strike in the prison of Castillo del Principe, urgent cables were sent to Geneva asking this commission to intervene to save his life. They were ignored.

- In 1974, Dr. Humberto Medrano appeared before the Sub-Commission for the Prevention of Discrimination and the Protection of Minorities, and in 1975, before this commission with incontrovertible evidence of torture, murder, mutilation, and humiliation of political prisoners, and asked for an objective investigation of what was accurately described as "ideological genocide" in Cuba. He was ignored.

- And finally, in 1978, the Government of the Netherlands sought support from other delegations of an unprecedented government-sponsored proposal to raise the question of human rights in Cuba before this commission. It, too, was ignored even, I admit, by my own government.

Mr. Chairman, if not now, when?

"A Place Without a Soul"

Under its present regime, Cuba has become a country alternately described as "an island prison" or, more eloquently, as the Cuban diplomat, Andres Vargas Gomez, described it, "a place without a soul." It is a country that in 30

years has driven nearly 15% of its population into exile, and that holds another 15,000 or more of its citizens in jails or labor camps for political "crimes," the highest number of political prisoners, *per capita*, in the world.

Granted, it is a place where the use of the firing squad as the preferred method of eliminating political opponents has become more selective in recent years, where the cries of "Viva Cristo Rey" from the condemned in the trenches at La Cabana—so movingly portrayed by Armando Valladares in his memoirs—now only intermittently haunt other prisoners with the uncertainty of their own fate. A decline, however, in the frequency of the imposition of the death penalty for political "crimes" cannot be mistaken for a sign of moderation or softening of the nature of the system. Such a mistaken conclusion would reflect a seriously distorted concept of human rights, one which defined abuse exclusively in terms of political assassination or state execution.

In considering the question of human rights in Cuba—or in any society—the treatment of political prisoners is but one symptom of a more profound problem. Inquiry cannot focus only on how the political offender is treated while interrogated or incarcerated, for that might conveniently be misconstrued to suggest only a problem with a correctional institution or penal system. Instead, it will focus first on the reasons for that incarceration, on the nature of the "offense" committed, and on the authority both to prohibit it and to enforce that prohibition. Fundamentally, it is a question of the role of law in society, the power of government, and the liberty of the individual citizen.

Unfortunately, Cuba is first and foremost a place where political terror masquerades as law under the familiar slogan "socialist legality." It is a place where, by constitutional mandate, the Communist Party alone defines and interprets the "law" in accordance with its own interests; a place where carefully crafted classifications of state "crimes" prohibit any exercise of legitimate civil or political rights and thus create among its people an entire class of victims who have engaged in activities proscribed by the ruling elite. It is a place where visiting a foreign embassy can mean not only summary arrest, but summary execution, as has been the lot of as many as 22 Cubans—the most recent only 16 years old—shot outside the Venezuelan Embassy in the last 13 years. It is a place with "shoot on sight" orders for "special" police "protecting" diplomatic

missions, as in the case of the U.S. diplomatic mission, sprayed with machine gun fire last August when an allegedly mentally disturbed Cuban approached a side door of the building on a Sunday, when the mission was closed. The bullet-scarred walls and doors are mute testimony to the unknown man's fate.

In Cuba the "crime" of enemy propaganda, *propaganda enemiga*, provides a convenient vehicle for suppressing even the private expression of the most innocuous, unorthodox political opinion. It has been invoked, for instance, to disrupt the single organization in the country attempting to monitor and inform citizens of the human rights situation in their country—activities entirely consistent, I might add, with the spirit of resolutions repeatedly approved by this commission and the General Assembly.

During August and September of 1986, five prominent members and officers of the Cuban Committee for Human Rights were arrested and imprisoned under variations of this charge. Their crime, to the best we can determine, was possession with the intent to distribute political literature including several hundred copies of the Universal Declaration of Human Rights, the discussion of the human rights situation in Cuba with foreign journalists, and the attempt to register their organization under the relevant Cuban law of association. So swift and effective was the suppression of the group that its founder and president, Ricardo Bofill Pages, was barely able to take refuge in the French Embassy in Havana in order to avoid arrest for the fourth time in less than 20 years. All other known members were arrested and now the committee itself operates only through "external" chapters in other countries.

Within the past few weeks, we have learned that several members of the committee were released from prison. Dr. Bofill was permitted to leave the embassy with some assurance that he will be neither arrested nor molested by the authorities so long as he refrains from further politically offensive behavior. The committee itself, however, will not be permitted to resume any activity; and Dr. Bofill will not be permitted to leave Cuba despite his very uncertain health and despite the fact that his wife and son are citizens of the United States and wish very much to be with him. These men might well be arrested again. If not, what kind of a future will they and their families face?

They cannot leave Cuba. They are under constant surveillance and without opportunity for meaningful employment, and they must live without ration books. After 28 years of the Castro regime, food and other necessities are still rationed. I leave the answer to your imagination.

I now call upon the Government of Cuba as a humanitarian gesture to allow Dr. Bofill to leave Cuba to be reunited with his loved ones and to receive proper medical care.

Illegal Exits

Similarly, the crime of illegal exit, *salida ilegal*—unique to socialist jurisprudence—has been the charge under which such Cuban dignitaries as Ambassador Gustavo Arcos Bergnes, his brother Sebastian Bergnes, Teresa Mayans and her son Salvador Blanco, and countless ordinary citizens have been imprisoned. While Mrs. Mayans and her son have had the fortune to be released and leave the country at last, the Arcos brothers continue to be incarcerated in Combinado del Este.

In truth, the problem must be a grave one for Castro. What could possibly explain the disproportionate number of exiles fleeing his island paradise with such regularity? Indeed, what would compel young men with their lives before them consciously to risk the obvious perils of an attempt to reach freedom on a crude raft constructed from the inner tubes of truck tires or in the well of an airliner's landing gear. We recently witnessed the tragic arrival in Florida of a raft with one dead and another brain-dead young man aboard, and the sad, petty spectacle of a government allowing the boy's father to travel to the United States to see him, but holding his stepmother hostage to ensure his father's return. We can only speculate what fate met the unknown number of other young Cubans who have tried to escape using this perilous means. Like all captive nations, Castro's Cuba depends upon the unmerciful enforcement of criminal statutes, not to keep refugees out but to keep its own people in!

System of "Justice"

Among other criminal charges invoked to smash the unrealized dream of an independent labor movement in Cuba was "industrial sabotage." Cuban labor leaders who merely discussed the formation of a trade union modeled upon *Solidarnosc* of Poland were arrested and sentenced to death in January 1983. In

what was orchestrated to be an impressive show trial for the regime, a second court had to be convened to hand down the state-ordered convictions after the original judges and lawyers refused.

Only an international outcry convinced authorities to "commute" those sentences to 30 years imprisonment. In the case of Caridad Pavon Tamayo, it made little difference, for in 1985 she died from a beating received in the dungeons of Villa Marista. Five of the remaining known defendants—Exequiel Diaz Rodriguez, Jose Luis Diaz Romero, Angel Donato Martinez Garcia, Benito Garcia Olivera, and Carlos Garcia Diaz—are still being held incommunicado in the isolation cells at Combinado del Este.

Retribution against uncooperative judges and defense lawyers involved in the solidarity of Cuba and related political trials was swift and severe. By early 1983, all had been arrested and imprisoned or forcibly removed from practice in a ruthless purge of the Cuban legal profession which reached its climax that summer in the alleged suicide of the Minister of Justice, Osvaldo Dorticos Torrado. Of those put on trial in 1984, spurious charges of corruption and bribery were invoked to demand and obtain convictions and harsh prison sentences. Dr. Aramis Taboada, among Cuba's most distinguished attorneys, died under suspicious circumstances in a prison hospital in November 1985. Judge Vera Escalona, convicted in a case related to Dr. Taboada, was sentenced to 80 years imprisonment, and Teresita Diaz Gonzalez, a loyal friend and secretary to one of the judges forced from office, was sentenced to 15 years imprisonment. The cases of these lawyers demonstrate clearly the travesty of law in Cuba today, for it is in the administration of justice itself that Cuba scorns most the norms of law recognized by international standards of human rights.

Treatment of Political Prisoners

Having created a class of victims among its own citizens, despots like Castro invariably confront the need either to compel conformity by those who would resist or to eliminate them. The treatment of political offenders in the Cuban penal system reflects an approach to that dilemma marked at once by insidious deceit and undisguised brutality.

The Cuban Government allows *no* human rights organizations to visit its prisons. Fidel Castro has said that he will not allow that to happen. The Cuban

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representative has claimed that the International Committee of the Red Cross has visited Cuban prisons regularly. This is simply not true. The Red Cross is not allowed to visit Cuban prisons. If its prisons are as good as the Cuban Government claims they are, why are reputable human rights organizations forbidden to see them?

Castro today asserts unashamedly that there are no political prisoners in Cuban jails—only criminals. To perpetuate this myth, prison authorities long ago attempted to abolish all outward signs of distinction between the categories of prisoners, most noticeably in 1967 by taking from political prisoners the special uniforms they had previously been permitted to wear. At the same time, political “rehabilitation” has been instituted in Cuban jails, in which large numbers of inmates are forced to participate, in order to prepare them for eventual release into a society which depends upon their conformity for its own existence.

Those prisoners who refuse to be rehabilitated, or to be associated in any way with common criminals, are subjected to the most severe punishment in an effort to dehumanize them, to reduce them to mere beasts and thus either to break their resistance or to destroy them completely. They have proven, however, time and again, that man’s spirit is indestructible, and, in the process, they have transformed the human aspiration for freedom into an heroic struggle for sanctity.

These are the *plantados*, the steadfast ones, who have stood firm in the face of evil. Through extraordinary faith and strength of will, they have triumphed. Though many have died, and some remain in chains, others have come back from the inner circles of hell to tell of horrors which would otherwise remain known only to the condemned and their tormentors. They bear the scars which attest to the truth of their testimony—most have been disabled or disfigured by years of torture. We delegates to this commission will have the privilege in the days ahead to listen to a few who have come here so that we may learn from them. I urge you all to take advantage of the opportunity to meet and talk with them.

Ask Ramon Grau to tell you of “Operation Pedro Pan” and to explain why, because of it, he suffered more than 20 years in Castro’s jails.

Ask Ana Lazaro Rodriguez, who spent 20 years in prison, about the treatment given to women in Cuba’s jails.

Ask Sergio Bravo to tell you why a minister of God would be shot for the mere possession of a Bible in prison and to explain why, instead of the surgery needed to remove the bullet from his leg, prison authorities ordered the removal of the leg itself.

Ask Eduardo Capote to tell you of the routine beatings given political prisoners and to describe the savagery with which a prison guard’s machete mutilated both his hands.

Ask Tony Cuesta, a man seen by many in this room over the past few days, who is now completely blind because he was denied medical care in prison.

If someone thinks these violations occurred years ago, ask *Comandante de la Revolucion* Eloy Gutierrez Menoyo, who came out of prison last December after 22 years.

Meet with these persons and ask them about the patient suffering of their families who endured unspeakable pain and humiliation from the authorities and their own neighbors in order to keep faith with their husbands, fathers, and sons locked up in prisons, often a day’s travel from their homes.

Meet them and ask them about those who still remain. Ask them about Roberto Perez who, arrested and jailed in 1959, has suffered through the infamous “blackout cells,” biological experimentation, and a near fatal bullet wound during a brutal prison “massacre” at Boniato in 1975 and who remains incarcerated there still today.

Ask them about Mario Chanes, who accompanied Castro both during the assault on the Moncada Barracks and the Granma Landing, but who was arrested and imprisoned in 1961 for vocal opposition to what he saw as the betrayal of the revolution in the growing dominance of the Communist Party in Cuba.

And ask them about Ignacio Cuesta Valle—known simply as “Peachy” to Ramon Grau who “adopted” him in prison—a common soldier in Batista’s army arrested and imprisoned since 1959 for a crime no greater than having served in the armed forces of his country. These men, only three of more than 100 *plantados* we suspect remain in prison at Boniato, Combinado del Este, and Kilo Siete, are believed to be among the longest held political prisoners anywhere in the world. It is time they were free.

Ask them, too, about the new *plantados*—those youngsters imprisoned

mostly for trying to leave Cuba. While in prison, they were so inspired by the spirit of the older *plantados* that more than 50 of them in Combinado del Este have since May 1983 determined to carry on their struggle despite the brutal reprisal of the authorities.

I invite my distinguished colleagues here today to meet with these men and women and to listen to them with an open heart and to see whether it is possible to ask yet again: Why now?

Armando Valladares, with whom it is my honor to serve on my country’s delegation to this commission, has recently told us that the political prisoner can survive, but that to do so he needs hope above all else.

Cuba is assuredly not a place without a soul. The *plantados* are the soul of Cuba, their families are its heart; and this organization is its hope.

I speak not only for the United States, but also for the silent prisoners who suffer and die in Cuba’s jails while some leave their cries unanswered because of timidity or some procedural cowardice. I call upon the conscience of the world for action—now.

¹USUN press release 8 of Mar. 5, 1987. ■

Development of U.S.-Nicaragua Policy

Following are statements by Elliott Abrams, Assistant Secretary for Inter-American Affairs, and Ambassador Philip C. Habib, Special Envoy for Central America, before the Senate Committee on Foreign Relations on February 5, 1987.

ASSISTANT SECRETARY ABRAMS

Support for the Nicaraguan Resistance Is Part of a Broader Strategy

U.S. support for Nicaraguans fighting the Sandinistas is an essential element of a comprehensive strategy for Central America. There are compelling moral arguments in favor of U.S. support for the Nicaraguan resistance. They have to do with a revolution betrayed, with the bravery of thousands of young Nicaraguan peasants and intellectuals fighting a backward dictatorship in the process of fusing with the totalitarianism of the modern Soviet empire, with the role of the United States in keeping alive the flame of freedom in today's world.

The strategic arguments in favor of U.S. support for the Nicaraguan resistance are just as compelling. Our national security requires us to prevent the Soviet Union from gaining a strategic foothold and further undermining democracy in Central America. Sandinista consolidation in Nicaragua would be a double threat to democracy in Central America, leading to the danger if not the inevitability of further communist expansion and to the danger of an ugly resurgence of rightwing extremism in reaction to the heightened communist threat. Our friends and allies in this nearby area need our help to meet these common challenges.

As the National Bipartisan Commission on Central America observed 3 years ago, rarely do moral and strategic considerations coincide as they do in Central America.

While agreeing with much of this, some argue that support for the resistance will get us nowhere (or at least nowhere that we want to go) and that there are other, better ways to protect our interests. In considering that argument, I would like to start by looking at our overall strategy, then consider our relations with Nicaragua and the why, what, and how of our efforts to improve them.

U.S. Policy Is Comprehensive and Long-Term

There are no short-term solutions to the Central American crisis. There are, in theory, two quick fixes. One would be direct U.S. military intervention to remove the regime in Nicaragua. No one in the Administration is advocating this, and no one of you or the American public would wish us to. In fact, our policy is designed to protect our national interests without resorting to direct U.S. military action.

The other quick fix would be to try to force the Central American democracies to accept Nicaraguan proposals on security arrangements. Let's be honest. That is a prescription for disaster camouflaged as a diplomatic solution. Pieces of paper alone are not going to stop the Sandinistas.

So, whatever the theory, in practice the truth is that neither of these quick fixes would be a fix at all.

The problems of Central America require patient, sustained U.S. efforts on many interrelated fronts at once.

Over the past 3-4 years, with the help of the Congress and of the National Bipartisan Commission on Central America, we have developed and begun to implement a comprehensive program designed to work over the long haul.

We believe it is working. We believe it is working because its combination of measures, from defense to negotiation, and from development to the painstaking building of democracy, address all of the causes of conflict as they actually play out in Central America.

Let me list six causes of conflict for you, together with what we are doing about them.

First, Central America became vulnerable to violence and communist penetration because economic growth alone proved insufficient to eliminate inherited inequalities between the landed rich and the landless poor.

The policy we are implementing supports social and economic reform. We want the peasants and the workers to be shareholders in Central America's future. Our primary emphasis is on evolutionary change through equitable development, education, and the creation of new opportunities. But we respect the positions of our democratic allies. In El Salvador, the agrarian reform whose

implementation we are supporting is as far-reaching as those undertaken during the Mexican or the Bolivian revolutions.

Second, when people began to stand up for their rights, most of Central America's political systems (except for Costa Rica's longstanding democracy) proved too closed to provide a real outlet for either new social groups or the awakening poor.

Our policy strongly supports opening up the region's politics through regular electoral competition and democratic processes. That is our position in El Salvador and Guatemala, and it is our position in Nicaragua. El Salvador and Guatemala have both, in the last 3 years, repeatedly held elections that were not only free but highly competitive. Nicaragua's Sandinistas refuse to even talk to those who resist their dictatorship.

Third, reliance on violence to resolve conflict became ingrained.

This is a second reason we are fostering democracy. Democracy is the best mechanism there is for peaceful social progress and peaceful political change. It is why we are working to strengthen judicial processes throughout Central America. It is why we have insisted on an end to death squads in El Salvador and Guatemala and why we would be delighted to see an end to the "divine mobs" and secret police of Nicaragua's Ministry of the Interior.

Fourth, the downturn in the global economy, aggravated by the guerrilla warfare supported by the Soviet bloc from Nicaraguan territory, has severely damaged the economy of El Salvador and driven capital out of Central America generally, increasing both suffering and potential instability.

That is why substantial financial and economic assistance is essential, first to help stabilize the region's economies, then to help restore growth and regional cooperation. It is vital that we continue to meet the agreed Kissinger Commission goals.

Fifth, their numbers have declined as the population has turned away from them, but the Salvadoran guerrillas have remained a formidable military force because the Soviets have used Cuba and Nicaragua to provide the outside support needed to operate despite the opposition of most Salvadorans.

That is why U.S. military assistance is required. In fact, the military component of our policy has, if anything, been too small. Three years ago, the Bipartisan Commission warned: "The worst

possible policy for El Salvador is to provide just enough aid to keep the war going, but too little to wage it successfully." We heeded the Commission's warning on El Salvador. The results have been far better than most observers believed possible.

Sixth, Nicaragua's internal repression, military buildup, and ties to the Soviet bloc are becoming a permanent source of instability in the entire region. Cuban agents entered Managua with the Sandinistas in July 1979; 3 months later, the Cuban contingent had grown to 200. Today, *excluding* Cuban civilians—who since the liberation of Grenada are mainly young males who have served in the Cuban militia—the U.S. intelligence community estimates the Cuban military and security presence at between 2,000 and 2,500. Peace in Central America will be impossible as long as this military-subversive apparatus remains in place unchecked.

The need to defend democracy and to defeat Soviet-backed subversion and militarization in Nicaragua and in Central America as a whole is where the Nicaraguan resistance forces fit in—not as a solution by themselves but as part of a strategy to induce the Sandinistas to change their behavior or face the possibility of losing power entirely.

The individual elements of this strategy can and, indeed, must be combined flexibly through diplomacy to meet changing situations.

The Sandinistas Started Nasty

It is sometimes said that the Sandinistas are just a group of Third World reformers who have been forced by the United States and a handful of reactionaries to suspend temporarily a few freedoms in self-defense and ally themselves with the Soviet Union. This proposition is false.

- The Sandinistas have always been a minority (they still proudly refer to themselves as a "vanguard"), but once the immensely popular revolution against Somoza ended in 1979 with them sharing power in the government, they set out to monopolize power in Nicaragua and to help overthrow neighboring governments beginning with El Salvador.

- The key to their confidence was support from the Soviet bloc. They believed this support, which they had obtained years before the fall of Somoza and which they equated with "the forces of history," would enable them to overcome resistance both at home and abroad.

- So they saw collaboration with true democrats and diplomatic negotiations simply as a tactic to divide their neighbors and neutralize the United States. They were playing the old broad popular front game advocated by the Comintern in the 1930s.

U.S. objectives after Somoza fell in 1979 were to persuade the Sandinistas and their democratic allies in the new Nicaraguan Government that the goals of the Nicaraguan nation could be achieved through democracy and peaceful relations with all members of the inter-American community and that, conversely, their communist alliances were dangerous to them as well as to others.

- For a year and a half after the fall of Somoza, U.S. efforts centered on political bridge-building and substantial economic assistance for the reconstruction of Nicaragua.

- This attempt by the Carter Administration to build friendly relations was ignored by the Sandinistas, who secretly sought Soviet-bloc aid to help turn their guerrilla forces into a powerful modern army and build an internal security system along Cuban lines.

- By the fall of 1980, despite specific warnings that this would jeopardize our assistance and our relations, the Sandinistas were cooperating actively with a Soviet-Cuban strategy to supply arms and training to guerrilla forces in El Salvador.

- By early 1981, after the extent of Sandinista participation in the Soviet-bloc intervention in El Salvador had become clear, the Carter Administration suspended, then the Reagan Administration terminated, U.S. assistance to the Nicaraguan Government as required by law.

- By that time the Sandinistas had driven non-Marxists out of the government, repressed independent groups, established intimate ties with Cuba and the Soviet bloc generally, given full support to the guerrillas in El Salvador, and were beginning to sponsor terrorism in Honduras and Costa Rica.

- But we continued our efforts to negotiate. In August 1981, we sent Assistant Secretary [for Inter-American Affairs] Enders to Managua to invite the Sandinistas to exchange proposals so that positive relations and assistance could be resumed.

- We put those proposals in writing, but the Sandinistas did not respond.

- Attempts to reason with the Sandinistas on the basis of positive inducements were going nowhere.

- It was then, nearly 2½ years after Somoza fell, that we decided to support Nicaraguan patriots fighting the Sandinistas. If carrots were not enough, maybe a stick would help.

- At the same time, we continued to probe for negotiating openings.

- In the spring of 1982, at the suggestion of Mexican President Lopez Portillo, we again offered, in writing, to resume positive relations and assistance if they met regional concerns. Again, the Sandinistas took no action.

- After the 1982 elections in El Salvador, the Sandinistas actually expanded their support for the guerrillas in El Salvador. We asked the Nicaraguan Government to close down the command and control center the Salvadoran extremists were operating in the outskirts of Managua—and when they professed ignorance of its existence, we offered to send down a technical team to help them locate it. The Sandinistas did not even bother to reply.

- Negotiations involving the Sandinistas have taken place almost continually since then, often under the auspices of the Contadora process that began in 1983. The United States has supported these negotiations through Secretary Shultz' 1984 visit to Managua and the activities of three Special Envoys, including nine rounds of bilateral talks—one in Atlanta and eight in Manzanillo, Mexico.

- As soon as the Sandinistas accept the necessity of face-to-face talks with the democratic resistance spawned by their intransigence and repression, we will sit down to talk directly to them again.

U.S. Negotiating Objectives

By the summer of 1982, what we had learned from our repeated efforts to engage in concrete, meaningful talks had led us to evolve four major objectives for negotiating with the Sandinistas. These objectives reflect our security needs and those of our friends as well as our and their desires for democracy. What we seek in Nicaragua is fully consistent with our support for democracy, development, and security throughout Central America.

Those objectives are still valid today. They are:

- Ending Nicaraguan support for guerrilla groups;
- Cutting Nicaraguan military and security ties to Cuba and the Soviet bloc;

- Reducing Nicaragua's military strength to levels that would restore military equilibrium in the area;

- Fulfillment of the Sandinistas' own original promises to build democratic pluralism.

These objectives have been at the heart of international diplomacy involving Central America since we first articulated them in August 1982.

In October 1982, under Costa Rican leadership, a group of eight democratic states developed a comprehensive set of proposals to reduce tensions. The San Jose statement—of which we were both prime movers and a signatory together with the other democracies—incorporated our objectives in full. Nicaragua refused even to meet the Costa Rican Foreign Minister to discuss them.

In January 1983, the Contadora process began. Compare the four U.S. objectives with the substance of the Contadora Document of Objectives agreed to on September 7, 1983, by the four Contadora sponsors and all five Central American countries.

- We seek an end to Nicaraguan support for guerrilla groups: the Document of Objectives calls for an end to support for subversion.

- We want Nicaragua to sever its military and security ties to Cuba and the Soviet bloc: the Document of Objectives calls for the proscription of foreign military bases and the reduction and eventual elimination of foreign military advisers and troops.

- We seek reduction of Nicaragua's military strength to levels that would restore military equilibrium in the area: the Document of Objectives calls for the reduction of current inventories of arms and military personnel.

- We seek fulfillment of the original Sandinista promises to support democratic pluralism: the Document of Objectives calls for the establishment of democratic systems of government based on genuinely open elections.

- Finally, we seek a diplomatic solution that is verifiable and enforceable: the Document of Objectives calls for adequate means of verification and control.

If actually implemented simultaneously on a verifiable and enforceable basis, the substance of the 21 Contadora objectives is virtually identical with our own evaluation of what is necessary to satisfy U.S. interests in the area.

That is why, despite the bilateral record detailed above, we saw in Nicaragua's acceptance of the Contadora Document of Objectives the possibility

that our own objectives might ultimately be reached through negotiations.

As the years have gone by, Sandinista abuses and intransigence have increased, and the Contadora process has sometimes seemed to look the other way. We have increased the pressures. But we have also constantly probed the Sandinistas on their intentions. U.S. pressure on Nicaragua is not pressure for pressure's sake. It has diplomatic and political goals.

The basic fact is this: if the Sandinistas implement these principles in a way in which we can have confidence—whether on the basis of a formal treaty or not—its neighbors will do the same, and so will we. Democracy, after all, is the best verification mechanism. The pressure will have worked, members of the resistance forces will have been able to lay down their arms, our concerns will have been alleviated, and a political solution will have been achieved in Central America.

U.S. Support for the Nicaraguan Resistance

U.S. support for the democratic resistance in Nicaragua is designed to advance these broader objectives. Once it became clear that normal diplomatic and economic inducements were not enough to persuade the Sandinistas to compromise, a program was begun to aid an anti-Sandinista group that was already in existence. The resistance has achieved a measure of success not solely or even primarily because of our efforts but because resistance has been stimulated by continuing Sandinista repression and by defections from the Sandinista ranks.

U.S. support for the resistance is intended to help limit and ultimately end the conflict in Central America, not to widen it. It is designed to either induce the Sandinistas to change their assumptions and the aggressive actions that flow from them, or, if they do not, to help put the Nicaraguan people themselves into a position to rid themselves of the Sandinistas.

The growth of the resistance and its transformation from a group centered initially around a few hundred ex-National Guardsmen to a peasant army of nearly 20,000 fighters—many of whose leaders are former Sandinistas—make clear it is an authentic, indigenous movement responsive to the democratic aspirations of the Nicaraguan people.

Some critics of U.S. support have suggested that it has been counter-

productive, that it has radicalized the Sandinistas and helped them to consolidate their power.

The opposite is true. The Sandinistas set a radical course from the very start. As detailed above, they decided to embrace the Cubans and Soviets and to support guerrilla warfare elsewhere in Central America even before they came to power, long before there was any pressure from the United States, from military exercises, or from U.S.-supported Nicaraguans.

The Sandinistas have scored many propaganda points against the Nicaraguan resistance fighters, particularly outside Nicaragua. But, in fact, the armed resistance has succeeded in preventing the Sandinistas from using their superior military force to consolidate their power. By 1982, democratic groups inside Nicaragua were increasingly demoralized by Sandinista repression. When anti-Sandinista nationalists took up arms, large numbers of peasant militia members deserted and chose to fight to defend their country against the Soviet bloc and the foreign "internationalists." Their resistance kept Nicaragua's future in doubt and gave fresh hope to all Nicaraguans who opposed the Sandinistas.

The Sandinistas' attempt to shrug all this off by labeling their opponents "Somocistas" fighting as "mercenaries" in a "Yankee war" of aggression has proved both less accurate and less effective than they obviously hoped.

The main resistance organization, the United Nicaraguan Opposition (UNO), has become a focus for Nicaraguans from all walks of life and political conviction. Many of them have different ideas about how to regain the revolution that the Sandinistas stole from them, but they realize that their common resistance to the Sandinistas is more important than their individual differences.

This multiplicity of views and talent has resulted in growing pains for UNO. We expect the UNO coalition to continue to broaden, both inside and outside Nicaragua. It is only natural that new leaders should emerge. We view this effort to make room for new ideas as a healthy and necessary step in the development of a democratic opposition.

The leaders of UNO, Adolfo Calero, Arturo Cruz, and Alfonso Robelo, share with the new talent that has joined UNO a history of opposition to Somoza. All three actively opposed Somoza while he was still in power. Calero was jailed by

Somoza; first Robelo then Cruz became junta members with the Sandinistas.

The largest guerrilla forces belong to the Nicaraguan Democratic Force (FDN), headed by Calero since 1983. Other important resistance organizations include the Southern Opposition Bloc (BOS, which grew out of ARDE [Democratic Revolutionary Alliance], built by Robelo and former Sandinista *Comandante* Eden Pastora), and MISURASATA [Miskito, Suma, Rama, and Sandinista Unity] and KISAN [Nicaraguan East Coast Indian Unity] fighters active among the Indians of the Atlantic coast.

Resistance fighters are overwhelmingly rural youths. Most were in their early teens, and many even younger, when Somoza fell in 1979. Their struggle is not on behalf of the old dictatorship—it is against the new dictatorship armed by Cuba and the Soviet Union. They fight in response to Sandinista attempts to control their farming, their churches, their schools, and in some cases their indigenous cultures. Many joined the resistance in preference to being drafted to fight for the Sandinistas against their friends and neighbors. In defending their families and communities, these young Nicaraguans are fighting above all else for self-determination.

The \$100 million in renewed aid to the resistance is helping the resistance to improve its military skills and capabilities. By the time it was approved in mid-October 1986, however, the previous allotment of U.S. aid, \$27 million in humanitarian assistance, had been essentially exhausted since the end of July. New supplies have met basic needs for food, medical care, uniforms, and military materiel. The result is that the number of resistance combatants inside Nicaragua has grown by thousands in the last 3 months.

Military improvements have been equaled by important strides in the resistance's political activities, which are essential to the task of increasing active support for the resistance in Nicaragua and to the ultimate victory of democratic forces.

Less than a month ago, on January 10, UNO and BOS issued an agreement on joint political goals, the "Statement of the Commitment to Democracy of the Nicaraguan Resistance." The statement calls for political pluralism, representative democracy, a state of law that respects and guarantees fundamental human rights as recognized in international conventions, a fair system of justice, economic freedom with guaranteed property rights, and respect for the cultural identity and political

rights of indigenous groups of the Atlantic coast. UNO and BOS also call for the dismantling of the Sandinista system of party control of the army and police forces, and the subordination of such forces to national civilian authorities in the democratic Nicaragua of the future. This document is the product of extensive discussions among UNO and BOS leaders, and it was considered by the UNO and BOS Assemblies. The UNO Assembly, a body including representatives of 13 Nicaraguan political, labor, business, and ethnic organizations in exile, debated it at a 2-day session in San Jose, Costa Rica, last November.

Since January 4, 1987, *Radio Liberacion*, the official voice of UNO, has been on the air carrying a message of hope and resistance to the Nicaraguan people. It provides an objective source of information on world and domestic news, and it gives resistance leaders a chance to explain their political message directly to the people of Nicaragua. *Radio Liberacion* is heard throughout the country for 12 hours each day.

UNO has developed a diplomatic strategy to get its message across to Latin American and other governments; it has a functioning Secretariat for International Relations with representatives in several Latin American and European capitals. In advance of the January Central American tour of the Contadora foreign ministers with the UN and OAS Secretaries General, the UNO directors sent a letter outlining the UNO position on negotiations and detailing the offers for dialogue the resistance has made since late 1982.

Indicative of UNO's success in broadening its political base is the addition of two new key personnel to the directorate staff:

- The former president of the Nicaraguan Social Democratic Party, Luis Rivas Leiva, became an UNO political coordinator; and
- A former Pastora commander, Luis "Wicho" Rivas Leal, was named military coordinator to strengthen civilian control of the resistance forces.

In November, the Nicaraguan Human Rights Association was established, headed by Marta Patricia Baltodano, a highly respected human rights activist. Funded by the \$3 million authorized by Congress for human rights programs and now fully staffed, this independent group is monitoring human rights performance by both sides in the civil war and is providing training in human rights and the laws of war to resistance forces.

These and other efforts have made clear beyond doubt the democratic commitment of the Nicaraguan resistance. They have also given the resistance the tools it needs to project its democratic message to Nicaragua and to the world. The Sandinistas are doing their part, too: their diplomatic intransigence and their bogus constitution, largely suspended less than 4 hours after it was issued, have added to their isolation from both the Nicaraguan people and their democratic neighbors. More than ever, the resistance is poised and equipped to advance its cause on the political, military, and diplomatic fronts. As always, they ask for American aid but not for American troops. Our continued support is essential to their prospects for success.

The Diplomatic Situation

Our objective remains a political solution to the Central American conflict. But let me speak bluntly. Nicaragua is at the root of the military conflict in Central America, and there will be no peace in the region until the problem posed by Nicaragua has been dealt with.

We support the Contadora process. That process, initiated almost 4 years ago, is designed to bring about a comprehensive solution to the problems afflicting the region. We have long stated that an acceptable agreement must be comprehensive; its commitments must enter into force simultaneously; it must have adequate provisions for verification. And it must be acceptable to the Central Americans. An agreement cannot be imposed from outside the region. It cannot be imposed by us, and it cannot be imposed by the Contadora Group.

All of us are looking for a formula that will bring peace to this troubled region. Who could want peace more than President Duarte of El Salvador, a man who has seen his country ravaged for almost 7 years by a communist-led insurgency. Who could want peace more than President Azcona of Honduras, whose country has suffered the direct consequences of two major Sandinista incursions during the past year. Who could want peace more than President Cerezo of Guatemala, as he leads his country from military rule to civilian-led democracy. And who could want peace more than Oscar Arias of Costa Rica, president of a nation without an army, who looks across an undefended border at the largest military force in Central American history.

Yet it is the leaders of these same Central American democracies who

steadfastly resist pressures from outside the region—from the Contadora and Support Groups, from European democrats, and even from Members of our own Congress—to accept an unbalanced agreement merely for the sake of having an agreement in the vain hope that such an agreement would somehow contain violence in the region.

The Central American democracies are increasingly vocal in their judgment that democracy in Nicaragua is the key to peace in Central America. Costa Rican President Arias is attempting to create a plan for a cease-fire and a transition to democratic rule in Nicaragua; this plan may be unveiled at a forthcoming meeting of the presidents of the four Central American democracies.

The President's Special Envoy for Central America, Ambassador Philip Habib, one of our most distinguished career diplomats, is consulting with our allies. Since assuming his responsibilities in March 1986, Ambassador Habib has made 10 trips to the region. His active diplomacy is tangible evidence of our determination to keep the negotiating doors open.

Our experience in 7 years of dealing with the Sandinista leadership makes clear that the Marxist-Leninists in Managua will negotiate seriously only when they are convinced that they have more to lose than to gain if they continue to refuse to sit down with those who want an open, pluralistic society.

Prospects

We still have a long way to go. Nicaragua is clearly the major stumbling block to peace in Central America. While at times ostensibly cooperating with Contadora, the Sandinistas have persistently tried to reorient the negotiating process to their own advantage.

On the internal scene, the Sandinistas' periodic gestures to the opposition have always lacked substance and have been reversed. The independent daily *La Prensa* is closed indefinitely. The state of emergency has been prolonged despite the promulgation of a new constitution in January 1987.

The military pressure by the resistance has given strength to diplomatic initiatives and other efforts to pressure Nicaragua to fulfill its commitments to pluralism and basic human rights. Ironically, the fear of more direct U.S. intervention has galvanized some Latin Americans and Europeans into pressing the Sandinistas to reduce their ties to Cuba and the Soviet Union. There is a consensus, expressed by the Bipar-

tisan Commission and shared privately by the Contadora negotiators, that Nicaragua's military ties to Cuba and the Soviet Union are an obstacle to peace and development in the entire region.

The Sandinista's periodic negotiating postures have tended to be cosmetic. These tactical moves are largely the result of pressures—the pressures created by the armed resistance, by our support for Nicaragua's neighbors, the end of Soviet and Cuban influence in Grenada, and growing West European criticism.

But no pressure challenges the Sandinistas more directly than the growing opposition they face at home.

- The Sandinistas had assumed that their massive military and security apparatus would silence their internal critics.
- But neither the church, labor, business, nor the press have been cowed. Despite enormous pressures, they have continued to defend themselves and their principles.
- The armed resistance is fighting not because they want a return to *Somocismo*, as the Sandinistas claim, but because Nicaraguans fought Somoza for freedom, not just to fall prey to the Soviet bloc.

On Easter Sunday 1984, Nicaragua's Catholic bishops said explicitly that "the Nicaraguans that have risen in arms against the government" must be allowed to participate in a dialogue for peace. If sustained, U.S. support for the resistance could achieve what diplomacy alone has not: to create doubts in the minds of the Sandinistas about their assumption that Soviet-bloc support guarantees that they can do what they want.

Pressures have at one point or another already forced the Sandinistas to think about how to deal with such key issues as:

- Their support for the Salvadoran guerrillas;
- The presence of Cuban advisers in Nicaragua;
- Trying to use elections to reduce internal opposition; and
- Attempting to turn Contadora into a means of stopping external support for the resistance.

To date, these moves have ultimately proved wholly tactical. The Sandinistas have yet to give up anything significant, either domestically or in their ties to Cuba and the Soviet Union.

We believe they will not give up anything they are not forced to give up.

Conclusion

Secretary Shultz has stressed repeatedly that the complexity of the Central American crisis demands equally sophisticated and responsible U.S. policies.

As noted at the beginning of this statement, our strategy seeks to apply many elements simultaneously. The Administration was pleased to support last year's move in Congress to add \$300 million to our fiscal year 1986 aid to the Central American democracies. This was a positive contribution to our regional approach to the defense of democracy in Central America. We shared the widespread disappointment in Congress when the final terms of the continuing resolution prevented the release of these additional funds. Additional authorization is not needed now. The funds have been authorized. The problem is that they have not been appropriated in a form which enables us to provide them as the additional assistance the democracies need. This \$300 million is now included in the Administration's supplemental budget request. We stand ready to cooperate with you in having it passed and signed into law.

Support for the Nicaraguan resistance is also an essential component of our regional policy to promote democracy and peace. It is the only element that directly counters the Sandinistas' plan to monopolize power in Nicaragua on their own terms. In the comprehensive Central American outlook, the resistance is indispensable to the successful interplay between economic and military assistance, diplomacy and negotiations.

To achieve real progress, pressure on the Sandinistas must be relentless, and there must be a diplomatic alternative open to them. This means that U.S. support for Nicaraguan resistance forces must continue. It also means that we shall continue to support the Contadora objectives, including the Contadora goal of internal dialogue in Nicaragua, which the resistance embraces and the Sandinistas reject.

All of Nicaragua's neighbors accept democratic principles of national reconciliation. All of Nicaragua's neighbors have joined in cooperating to resist Sandinista pressures—often setting aside major differences of their own in their conviction that the totalitarian ambitions and communist ties of the Sandinistas are a barrier to peace for the entire region.

The odd man out is Nicaragua, which also must be brought in—and kept in—

WESTERN HEMISPHERE

the process. The democratic resistance is indispensable to that end.

The choices for the United States are clear:

(1) **To walk away**, abandoning the Nicaraguan people and our democratic friends in Central America to fend for themselves;

(2) **To attempt a containment policy**, accepting communist rule in Managua (and the defeat of the democratic hopes of the Nicaraguan people) but seeking to sustain democracy elsewhere in Central America with massive expenditures and military deployments; or

(3) **To continue our current two-track policy**, backing the resistance as offering the only prospect for negotiating a democratic solution in Central America that protects our national interests.

Our assessment is that we can and must help the democracies to develop through economic and security assistance but that only pressure applied directly to Nicaragua can produce gains that will decrease the risk of Soviet and Cuban domination of Central America. If we are correct in this assessment, and experience suggests that we are, then the alternative to our current two-track policy of support for the resistance and negotiations would be to further shore up Nicaragua's neighbors against Sandinista aggression. The alternative approach would be very difficult and would carry at best limited assurances that it could work. The Kissinger Commission analyzed what containment in this situation would require and where it would lead. Its findings (see Annex) led it to reject containment on the grounds that the attempt would be more likely to create garrison states and doom democracy than to bring peace unless U.S. forces became directly involved.

On December 16, speaking to journalists in San Jose, Costa Rica, President Arias said:

I want to make clear to you my position, which is the same that I expressed in Washington.

It would cause me great sorrow if, because of what has happened in the U.S.—the so-called Irangate—aid to the contras is terminated....

That this results in allowing the Sandinista regime to consolidate, to not change, to not yield, to not compromise, and everything remains the same. I would say to you that to me as a Costa Rican it would cause great regret, and I believe that it would hurt the Nicaraguan people much more than me because they have fought so hard to get

rid of one tyrant, one dictator, and seven years later they have nine....

[If] this scandal results only in Congress not approving more military aid, and leaves matters in Nicaragua as they are, I think it would be regretted by the Contadora group, the support group, by the other Central American nations, by the whole world. Because—let's not fool ourselves—although the world does not support the war, this doesn't mean it concurs in the *status quo* in Nicaragua. There is a distinction between not concurring in a military outcome but wanting important change in the Managua regime....

Like President Arias, we seek a democratic outcome for the struggle of the people of Nicaragua. The costs of failure are too high: a direct Soviet challenge to U.S. security interests not limited to Central America alone, accompanied by spreading political extremism generated by Soviet support for totalitarian elements and by local reactions against it, all this creating a dynamic that would risk the future well-being of millions of our neighbors.

Just as democracy came to El Salvador, it can come to Nicaragua. As in El Salvador, it can be won by Central Americans who are willing to defend the democratic cause and serve our common interests defeating a Soviet-supported strategy to gain new satellites—and new military beachheads—in this hemisphere. For our part, we need to support our friends with patience, confidence, and steadfastness. The elements of a successful policy are in place. Now let's combine our efforts to make it work.

ANNEX

The "Report of the National Bipartisan Commission on Central America," issued in January 1984, states the conclusions of the Commission (pp. 114–115):

Theoretically, the United States and its friends could... try to contain a Nicaragua which continued to receive military supplies on the present scale. In practical terms, however, such a course would present major difficulties. In the absence of a political settlement, there would be little incentive for the Sandinistas to act responsibly, even over a period of time, and much inducement to escalate their efforts to subvert Nicaragua's neighbors. To contain the export of revolution would require a level of vigilance and sustained effort that would be difficult for Nicaragua's neighbors and even for the United States. A fully militarized and equipped Nicaragua, with excellent intelligence and command and control organizations, would weigh heavily on the neighboring countries of the region. This threat would be particularly acute for democratic, unarmed Costa Rica. It would have especially serious

implications for vital U.S. interests in the Panama Canal. We would then face the prospect, over time, of the collapse of the other countries of Central America, bringing with it the spectre of Marxist domination of the entire region and thus the danger of a larger war.

The notion that the United States should cope with a Marxist-Leninist Nicaragua, militarily allied to the Soviet Union and Cuba, through long-term containment assumes an analogy between conditions in post-war Europe and the present circumstances of Central America. The experience of the post-war period, however, shows that containment is effective to back up local forces of stable allies fully capable of coping with internal conflict and subversion from without. In such circumstances, the United States can help to assure the deterrence of overt military threats by contributing forces in place, or merely by strategic guarantees.

On the other hand, where internal insecurity is a chronic danger and where local governments are unable to deal with externally supported subversion, a strategy of containment has major disadvantages. It would risk the involvement of U.S. forces as surrogate policemen. Any significant deployment of U.S. forces in Central America would be very costly not just in a domestic political sense but in geo-strategic terms as well. The diversion of funds from the economic, social, medical, and educational development of the region into military containment would exacerbate poverty and encourage internal instability in each of the countries that became heavily militarized.

Furthermore... the creation of garrison states would almost certainly perpetuate the armies of the region as permanent political elites. The hopes of true democracy would not be enhanced.

Therefore, though the Commission believes that the Sandinista regime will pose a continuing threat to stability in the region, we do not advocate a policy of static containment.

AMBASSADOR HABIB

I am pleased to have been invited to accompany Assistant Secretary Abrams to discuss with the distinguished members of this committee U.S. policy toward Nicaragua. Mr. Abrams has just given you a broad overview of our two-track policy, and I will now explain our views on negotiations in greater detail.

We believe that there should be a negotiating process for every conflict. In Central America it should be clear by now that negotiations that produce a democratic outcome in Nicaragua offer the best hope for peace in the region. The Contadora process has acknowledged this essential principle, and we have supported its negotiating efforts.

The Contadora process began in January 1983 when Colombia, Mexico, Panama, and Venezuela formed the Contadora Group to seek a negotiated solution to the conflict in Central America. In September of that year, they and the five Central American countries produced the Document of Objectives. This document represents the essence of Contadora; it contains 21 points essential to a just and durable peace.

For over 3 years, the Contadora process has sought a formula for accomplishing these 21 objectives. Several draft agreements or *actas* have been tabled, and through lengthy negotiations much of the language has been accepted by all five of the Central American countries. However, several critical points remain unresolved. In 1985, with the process apparently deadlocked, four South American nations—Argentina, Brazil, Peru, and Uruguay—formed the support group in an effort to revitalize the negotiations.

Contadora is an all-Latin American process that now includes the largest Latin American nations; these are important countries, and people listen when they speak. This is an encouraging development since it shows Latin American nations coming to grips with hemispheric problems.

Contadora seeks a comprehensive, regional approach to the problems in Central America. The 21 points of the Document of Objectives cover the full range of political, security, military, and economic issues which must be taken into account to resolve the conflict in Central America. They specifically include the need for national reconciliation and democratization, which are the keys to lasting peace.

The United States has consistently supported the Contadora process. We believe that this regional approach is the only way to produce a durable solution. Our objectives in Nicaragua, which Assistant Secretary Abrams has just described to you, are fully consistent with the 21 points. We would welcome, and we would support, an agreement that achieved the comprehensive, verifiable, and simultaneous implementation of the Document of Objectives.

While we support the Contadora process, we do not necessarily endorse each and every action by the Contadora countries. Largely because Sandinista intransigence has frustrated efforts to achieve an agreement, we have seen a tendency for Contadora to stray from its original objectives. Some members have promoted piecemeal solutions which we believe would only detract from the

efforts to achieve a durable peace. Such partial solutions would tend to benefit Nicaragua and reduce the incentive of the Sandinistas to negotiate seriously on key issues. The Central American democracies, the countries most affected by the problem, also disagree with this piecemeal approach.

Last June, following the inability of the five Central American countries to reach an agreement among themselves on unresolved portions of the *acta*, the Contadora countries presented them with a new version which they described as the "final draft." The Central American democracies found this draft to be inadequate on several grounds, and we agreed with them.

For one thing, the June draft failed to address fully the political issues of national reconciliation and democratization. These are crucial ingredients to peace and are specifically called for in the Document of Objectives, but the June draft did little more than pay them lip service. This was a fatal flaw in the view of the Central American democracies. At a summit meeting just a few weeks earlier, the four democratic presidents had been lectured by Daniel Ortega about "revolutionary democracy" in Nicaragua; Ortega insisted that his Sandinista party was the "vanguard" of the people with a historic right to rule, and neither bullets nor ballots would ever drive it from power. The four presidents realized that Ortega was using an entirely different vocabulary when talking about pluralism and democracy. They recognized that in any agreement, the political terms must be spelled out clearly and Nicaragua's obligations must be established precisely so that there could be no doubt about what the Sandinistas were required to do. Lacking adequate provisions on political issues, the June draft was not comprehensive.

The June draft also did not fully address the issue of verification. The whole annex on verification was only a rough draft. Key questions were unresolved; for example, there was no agreement on the membership of the various commissions, what rights they would have (such as access to military facilities), and who would pay for the various mechanisms.

Moreover, the June draft would not implement the Document of Objectives in a simultaneous manner. With the Central Americans unable to resolve key military and security issues during negotiations in May, the June draft sought to sidestep the issue. It proposed that arms talks be delayed until after the

agreement had been signed, ratified, and entered into force. The Central American democracies rejected this "sign now, negotiate later" approach. They were not going to "buy a pig in a poke." They wanted at least the basic military and security issues to be decided before they signed, not after.

I should point out that although Nicaragua said it was willing to sign the June draft, it added the condition that future arms talks must be conducted on its terms. The Sandinistas have made clear that they will not even discuss placing any limits on the size of their army, the largest in Central America, or on most of the huge arsenal they have received from the Soviets. This, in effect, stymies achievement of one of Contadora's main goals—restoring a regional balance of power.

The Central American democracies informed the Contadora countries of the deficiencies they saw in the June draft and indicated their desire for further negotiations to strengthen the agreement. In July, however, Nicaragua filed suit against Costa Rica and Honduras at the International Court of Justice. This action violated the Act of Bogota which says that parties should not seek a juridical resolution of a dispute while an active negotiating process is underway. Costa Rica and Honduras, infuriated by the Sandinistas' bad faith, have refused to participate in further negotiations while the court cases are pending.

With the negotiating process blocked by the Sandinistas, the Contadora countries and others have been looking for new approaches. Last November, the Secretaries General of the United Nations and the OAS launched a joint initiative. They offered a "menu of services" available from their organizations to support Contadora. We believe that these organizations, particularly the OAS as the regional body, could play a useful role in facilitating the implementation of an agreement. Of course, first an agreement must be reached, and this is the task Contadora seeks to facilitate.

Last month, the eight Contadora and support group foreign ministers plus the UN and OAS Secretaries General visited Central America in an effort to revive the process. They were looking for common ground on which to resume the negotiations. The Central American democracies expressed their continuing desire for a political solution, and they stressed that the key to lasting peace was democratic political change in Nicaragua. President Azcona of Honduras sent a letter to his counterparts in the eight Contadora and support group

countries explaining that the crisis in Central America was not an international conflict between countries but rather an internal conflict in Nicaragua spilling over its borders; this internal conflict was caused by the lack of democracy in Nicaragua and the Sandinistas' efforts to consolidate a Marxist-Leninist dictatorship aligned with the Soviet Union and Cuba. The democracies stressed that the Sandinistas must enter into a process of dialogue and national reconciliation with their opposition.

Unfortunately, the Sandinistas remain intransigent. The communique they issued during the Contadora visit demonstrated their desire for a piecemeal, bilateral approach which would relieve them of the obligations of a comprehensive, verifiable, and simultaneous Contadora settlement. They called for talks with the United States, Honduras, and Costa Rica, as if those could really get to the root of the problem. They refused to withdraw their cases at the World Court against Costa Rica and Honduras so that negotiations could resume. Most importantly, they showed no signs that they were willing to enter into a dialogue with their own people.

Last month, Assistant Secretary Abrams and I met in Miami with the Foreign Minister of Costa Rica to discuss some ideas his government had for overcoming the problems caused by Sandinista intransigence. President Arias, a man dedicated to democracy who sees political change in Nicaragua as his country's only long-term protection from the Sandinistas, is seeking a formula within the Contadora framework to address the specific issues of national reconciliation and democratization. He has called for a summit meeting with the presidents of El Salvador, Guatemala, and Honduras for February 15, and he may formally unveil his proposals at that time.

The United States stands ready to cooperate with Contadora and the Central America democracies and to do what it can to support the negotiating process. In 1984, my predecessor conducted nine rounds of bilateral talks with the Sandinistas at the request of Contadora. We suspended these talks when it became clear that the Sandinistas were attempting to use them not to complement Contadora but to replace it. Essentially, they sought a bilateral accord with the United States which would resolve their most pressing problems and leave them free to walk away from Contadora, the commitments they would be required to make in order to fulfill the Document of

Objectives, and ultimately the commitments to democracy to Nicaragua's people they made in 1979. We have stated that we are ready to resume bilateral talks as soon as the Sandinistas engage in a dialogue with all elements of their opposition, including the democratic resistance. We view our position as an incentive for the Sandinistas to enter into a process of national reconciliation.

The Sandinistas try to convince all who will still listen that the conflict is a bilateral one between Nicaragua and the United States. Fewer and fewer people are buying this line, however, as they come to realize that the real problem is between the Sandinista regime and its own people and between Nicaragua and its democratic neighbors. We believe that until the Sandinistas are ready to come to terms with their own people, there is nothing to be gained in bilateral talks.

Since becoming the President's Special Envoy last March, I have made 10 trips to the region. I have made clear that the United States maintains the negotiating half of its two-track policy. We want a good agreement, not a half-baked solution that will merely lead to more conflict in the future. Like the Central American democracies, we reject the piecemeal approach. Like them, we also want a democratic outcome.

Last month, I visited five of the Contadora and support group capitals and explained that we welcome their efforts to revive the negotiating process. I urged them to listen closely to the Central American democracies, who are the ones most familiar with the realities of the region and with whom they have much more in common than Sandinista Nicaragua. We hope that they are listening and that the views of the Central American democracies are given the consideration they clearly deserve.

We are hopeful that, aware that the Sandinista regime is the core of the problem, the Contadora countries will now be prepared to tackle the difficult political issues of national reconciliation and democratization in Nicaragua. Some of the Contadora countries, while recognizing the Marxist-Leninist nature of the Sandinista regime, have been hesitant to promote democratic political change out of concern that this was interference in Nicaragua's internal affairs. I believe that at least some of them have now come to recognize that insisting on national reconciliation and democratization is not intervention; Nicaragua specifically agreed to this

when it signed the Document of Objectives in 1983. Thus, Contadora has a mandate to promote democracy and an obligation to ensure that the Sandinistas live up to their commitment.

The Sandinistas are committed Marxist-Leninist revolutionaries who will only negotiate in earnest when under pressure. The increasing pressure on the regime from the democratic resistance will give the Sandinistas an incentive to abandon their intransigence and to negotiate seriously. Even as pressure on the Sandinistas mounts through our aid to the democratic resistance, the door to peace is left open. It is up to the Sandinistas to walk through that door.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Economic Assistance for Central America

MESSAGE TO THE CONGRESS, MAR. 3, 1987¹

The one hundred million dollars in assistance for the Nicaraguan democratic resistance approved by the Congress in October of last year was intended as only one aspect of an integrated, comprehensive approach for United States efforts to promote economic and political development, peace, stability, and democracy in Central America and to encourage a negotiated resolution of the conflict in the region. In that law (Title II of the Act making appropriations for military construction for the fiscal year ending September 30, 1987, as contained in Public Laws 99-500 and 99-591, hereinafter "the Act"), the Congress recognized, as does the Executive branch, that the Central American crisis has its roots in a long history of social injustice, extreme poverty, and political oppression. These conditions create discontent, which is often exploited by communist guerrillas in their war against democracy. The focus of United States policy in Central America goes beyond the military aspects of the problem. To help address the underlying social and economic causes of conflict in the region, the Congress directed that additional economic assistance be made available for four Central American democracies: Costa Rica, El Salvador, Guatemala, and Honduras.

Progress Toward Democracy

Democracy is making great strides in these four countries. Their progress in building societies in which their citizens enjoy freedom of choice and equal justice under law stands in marked contrast to the totalitarian subjugation suffered by the Nicaraguan people. This progress, however, cannot be sustained without concurrent economic growth. Political freedom cannot prosper in an environment of hunger and despair. Nor, as found by the National Bipartisan Commission on Central America (NBCCA), can we expect the Central American democracies to recover from a severe economic recession without significant outside assistance. The Central American democracies cannot attract adequate private investment to achieve sustainable economic growth in the current environment of violence and subversion. The four democratic nations of Central America will have little appeal for investors as long as there is an aggressive communist regime nearby—a militant regime bent on ideological expansion and already in command of the largest army in the history of Central America.

Congressional Attempt to Aid the Democracies

To help the Central American democracies preserve their hard-earned progress in making democracy work, the Congress in October 1986 approved in section 205 of the Act the transfer of three hundred million dollars in unobligated funds for economic assistance to the Central American democracies. Title III of the Act also appropriated an additional three hundred million dollars for this purpose, to be available through fiscal year 1987. Unfortunately, despite the best intentions of those in the Congress who supported the additional assistance for Central America and despite this Administration's strong support for that assistance, the Foreign Assistance Appropriations Act mandated that the three hundred million dollars be regarded as part of the specified (and very limited) FY 1987 worldwide total for economic support fund assistance, thus precluding us from considering this sum as additional assistance. As a practical result there could be no increased aid for Central America. When this became apparent, we shared the great disappointment of bipartisan supporters in the Congress, not to mention the Central Americans who were counting on this assistance after it had been approved in both the Senate and the House of Representatives.

Report to Congress on Assistance Needs

Clearly, there is the desire in the Congress to make good on this commitment. Toward that end, there is a provision in the law that the Executive branch should develop a plan for fully funding the assistance to the Central American democracies proposed in the January 1984 report of the National Bipartisan Commission on Central America. I am transmitting that plan to the Congress with this message.

The Bipartisan Commission determined that the Central American crisis was the result of a long history of interrelated political, security, and socio-economic conditions and recommended a greatly expanded financial assistance program for the years 1984-89. The Central American Democracy, Peace and Development Initiative (CAI), transmitted to the Congress in February 1984, was designed to accomplish most of the NBCCA's recommendations. This program concentrated on strengthening democratic institutions, arresting economic decline while promoting stabilization and recovery, and increasing the benefits of growth. Results in the political sector have been more rapid than anticipated. In the economic and social areas much also has been achieved. Nevertheless, this progress remains fragile and much remains to be done. The plan herewith transmitted to the Congress proposes a 3-year extension of the program's execution until 1992. The extension would increase the total amount of funds originally recommended in the CAI for the period FY 1984 to FY 1989 from \$6.4 billion to \$6.9 billion in appropriated funds for the period FY 1984 to FY 1992. As economic recovery in the region proceeds, the benefits of growth, economic, and political stabilization will be enjoyed by an ever-increasing percentage of the region's population.

After reviewing the findings of this study, I have concluded that additional assistance is required immediately in order to help meet the economic goals of the Bipartisan Commission and to keep faith with the millions of men and women who through hard work and sacrifice are making democracy a living reality in Central America.

This assistance is urgently required to help meet the great economic and social needs of the struggling democratic governments of the region. By generating conditions of violence in Central America that undermine prospects for economic growth, the communist government of Nicaragua works to discredit the democratic system as a viable alternative for development. To offset this

effort, it is the responsibility of the friends of democracy to help Central America's democrats prove that even in adversity democracy offers their people a better way of life. The Soviet Union and its allies have provided the Sandinista regime military hardware and sufficient economic aid to keep Nicaragua's failed economy afloat. The United States must help those small nations in Central America that have chosen freedom.

Request for Additional Assistance

To carry out the recommendations contained in the report being forwarded to the Congress, section 215(2) of the Act further provides expedited procedures for requests from the President for additional economic assistance for the Central American democracies. I hereby request that such expedited consideration be given to my request for an additional \$300,000,000 for fiscal year 1987 as economic support fund assistance for Costa Rica, El Salvador, Guatemala, and Honduras, notwithstanding section 10 of Public Law 91-672.

In order to assure that this additional assistance is fully consistent with applicable requirements of law and sound budget principles, I further request that the amounts made available for this additional economic assistance for Central America be transferred from unobligated balances in such accounts as I may designate for which appropriations were made by the Department of Defense Appropriations Act, 1985 (as contained in Public Law 98-473); the Department of Defense Appropriations Act, 1986 (as contained in Public Law 99-190); the Department of Defense Appropriations Act, 1987 (as contained in Public Laws 99-500 and 99-591); and the Department of State Appropriations Act, 1987 (as contained in Public Laws 99-500 and 99-591).

I urge the prompt enactment of a joint resolution expressing approval of this request.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Mar. 9, 1987. ■

FY 1988 Assistance Requests for Latin America and the Caribbean

by Elliott Abrams

Statement before the Subcommittee on Western Hemisphere Affairs of the Senate Foreign Relations Committee on March 25, 1987. Mr. Abrams is Assistant Secretary for Inter-American Affairs.¹

A key element of this Administration's foreign policy has been the recognition of the importance to our national security of our own hemisphere. We cannot effectively deal with the challenges to our interests in other parts of the world if we are unable to cope with problems in nearby areas of great strategic importance. Many of our allies in Latin America at the present time do not have the resources to provide simultaneously for their own security and the basic economic needs of their people. Because we know they must do both if they are to survive and prosper, and if democracy is to be given a chance to flourish, we must help to make up the shortfall. Congress has supported these policies with increased funding, but the resources made available to us in FY 1986 and 1987 are not sufficient to pursue essential U.S. interests.

We have taken great satisfaction in the remarkable trend toward democracy taking place in Latin America and the Caribbean. We have supported this trend, not only because it is in accord with our deepest values but also because we believe it is in our interest. We have found that we can have the most stable long-term relationships with countries where government is founded on the consent of the governed. However, although the seedlings of democracy have appeared in several nations, the roots of the tree are not yet deep enough to protect it from being uprooted by violent storms, nor the trunk thick enough to withstand the chops of wayward axmen. Our assistance programs can help provide the protection this tree needs to reach maturity.

Without adequate economic aid to assist several of these democratic countries to recover and realize the economic betterment of their people, the odds for sustaining democracy will become much less favorable. Moreover, we have an economic stake in the prosperity of our neighbors. We cannot afford the loss of

our hemispheric markets tomorrow through failure to stimulate development of viable trading partners today.

Request for \$300 Million for the Central American Democracies. On March 3, President Reagan sent to Congress a message requesting an additional \$300 million in economic assistance for Costa Rica, El Salvador, Guatemala, and Honduras to be dealt with under the expedited procedures set forth in title II of the act making appropriations for military construction for FY 1987. This message was accompanied by transmission to the Congress of the report called for by that same legislation on fully funding assistance to the Central American democracies as proposed in the January 1984 report of the National Bipartisan Commission on Central America [see Special Report No. 162].

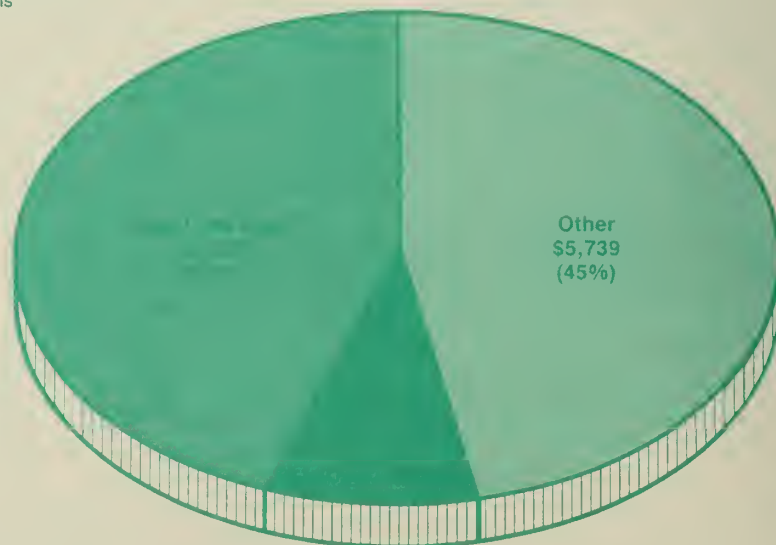
The report reviewed the progress that has been made but concluded that a continuing U.S. commitment was needed and set forth a plan for stretching out the Central America Initiative an additional 3 years—until 1992—with total assistance of \$6.9 billion over 8 years instead of \$6.4 billion over 5 years. The President noted that Congress last year approved an additional \$300 million in economic assistance for the Central American democracies through transfer

from unobligated funds, but the legislative requirement that this sum be regarded as part of the worldwide total of the FY 1987 Economic Support Fund (ESF) meant that, in practice, this sum was not available as additional assistance. The President concluded that \$300 million was urgently needed now, and indicated the amounts made available for this additional assistance would be transferred from unobligated balances in existing accounts. We urge prompt enactment of a joint resolution expressing approval of this request, as called for in the expedited procedures laid down by Congress in the legislation.

FY 1987 Supplemental. The major request in the supplemental for Latin America and the Caribbean was \$300 million in economic assistance for the Central American democracies. The Administration has proposed that that sum be treated separately, as stated above. However, I urge your favorable consideration of the remainder of our request. An additional \$40 million of military assistance is badly needed to sustain El Salvador against the Marxist guerrillas, to support Honduras in the face of the Nicaraguan arms buildup, and to help consolidate democracy in Guatemala. We also are requesting an additional \$10 million to support the fight against narcotics in the Andes. Bolivia, in particular, is ready to undertake a program of assistance to farmers who voluntarily eradicate coca crops,

U.S. Bilateral Assistance, FY 1988 Request

\$ millions



and we need additional resources to help support the transition to lawful economic activity in that nation.

The FY 1988 Requests. For FY 1988, we are requesting for Latin America and the Caribbean a total of \$271.575 million in military assistance—\$257.5 million for the Military Assistance Program (MAP) and \$14.075 million for International Military Education and Training (IMET)—and \$1,324.6 million in economic assistance (\$700 million in ESF, \$401.4 million in development assistance (DA), and \$223.2 million in PL 480). In recognition of the need for austerity, our request for economic assistance is down 20% from last year's request, and our military assistance proposal is 24% less. I urge your support for this minimal request.

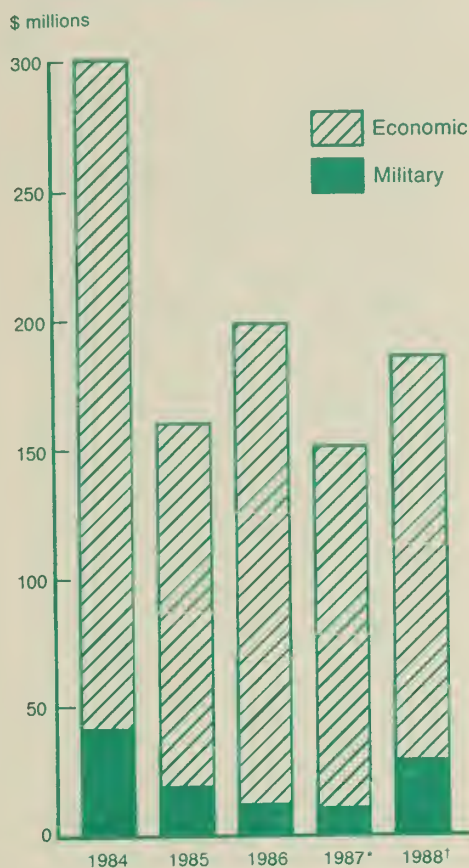
Let me turn to the subregions now, to describe for you what we have achieved so far, and the specifics of our proposals for FY 1988.

South America

The Andean nations of Bolivia, Colombia, Ecuador, and Peru are making valiant efforts to deal with economic problems, leftist insurgencies, and, most of all, illegal narcotics production and trafficking. Stemming the flow of narcotics into the United States is a major priority for all Americans. But this is a costly undertaking. You cannot just force farmers to stop growing their most rewarding crop without offering them economic alternatives. You cannot expect the governments of these countries to undertake the politically and economically risky initiative of launching major counternarcotics programs without the economic resources to sustain them. And you cannot expect drug traffickers and narcoterrorists to give up their very lucrative business without putting up a fight—and, in fact, they are working overtime to elude interdiction efforts and undermine democratic institutions by intimidation, corruption, and violence. Thus, if we are serious about cutting down on drugs, we must be prepared to use every resource at our command—economic and military assistance as well as narcotics control funds.

Bolivia. President Paz Estenssoro has been especially courageous in his narcotics control and economic reform policies. Bolivia's cooperation with the U.S. military in fighting illicit drug trafficking, with operation Blast Furnace last year, is unprecedented in the history

U.S. Bilateral Assistance to Andean Countries, FY 1984-88



* Allocation.

† Request.

of international drug interdiction. We expect to sign an agreement in the next few days whereby the Bolivian Government will undertake to destroy all illegal coca production. MAP funds for Bolivia will be used to support military training and provide equipment, much of which is to be used by the Bolivian military to provide logistical support in the antinarcotics programs. Our request is heavily weighted, however, in favor of economic assistance to encourage Bolivia to follow through on important economic reforms, to support domestic stability, and to improve living standards, which are the lowest on the South American Continent.

Colombia. Colombia faces the too frequently related evils of narcotics trafficking and a violent insurgency driven from the left. Colombian drug traffickers are among the most ruthless criminals in the world. The toll they have exacted on Colombian society has been heavy: one Minister of Justice assassinated, another

recovering from his wounds; Supreme Court judges brutally murdered; prominent journalists and scores of policemen and other officials gunned down because of the firm stand they have taken against lawlessness and crime. Colombians are proving that the traffickers are not supermen, and that honest men and women can and will stand up to them. Just recently, the Barco administration dramatically demonstrated its adherence to the U.S.-Colombia extradition treaty by extraditing to the United States Carlos Lehder, one of the top traffickers in the world. Despite the high price paid, and still being paid, Colombia has some of the most productive antinarcotics programs in the area.

The largest guerrilla group in Colombia, the Revolutionary Armed Forces of Colombia—generally known by its Spanish acronym, FARC—continues to abide generally by a cease-fire, but other insurgent groups do not. MAP funds for Colombia strengthen the government's antinarcotics programs and at the same time assist it in dealing with the increasingly violent insurgents who have rejected the government's peace initiatives.

Ecuador. Ecuador is a strong supporter of U.S. political and economic goals in South America. Under President Febres Cordero, decisive free market economic measures have been instituted which could serve as a model for the rest of Latin America. The \$17.5 million requested in ESF will help maintain internal stability by helping meet the country's balance-of-payments needs and assist economic development projects. The military assistance program will improve military training and provide required materiel to the armed forces. This will enable the Government of Ecuador to maintain effective pressure against a small urban terrorist band, improve the pursuit of narcotics traffickers, and heighten the level of assistance Ecuador provides to the United States in antidrug efforts.

Peru. For over a year, Peru has carried on a serious and successful campaign against narcotics traffickers. But this campaign draws on scarce resources. Both our military and economic assistance requests are essential if we are to achieve cooperation on the antinarcotics front and improve our dialogue with Peru on the management of its economic and debt crises. By improving our overall relationship with Peru, this assistance will act to counter Soviet influence, particularly with the military.

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Uruguay. In another South American democracy, Uruguay, President Sanguinetti is consolidating that country's return to democratic rule. He faces a number of hurdles in this effort, including the need to bolster the economy and redirect the military toward support for civilian rule. We are proposing a MAP program of \$1.5 million which would be used to purchase a helicopter, truck parts, and maintenance support equipment. Equally important, this program would expand our access to key mid-level officers and facilitate cooperation and mutual understanding between our armed forces.

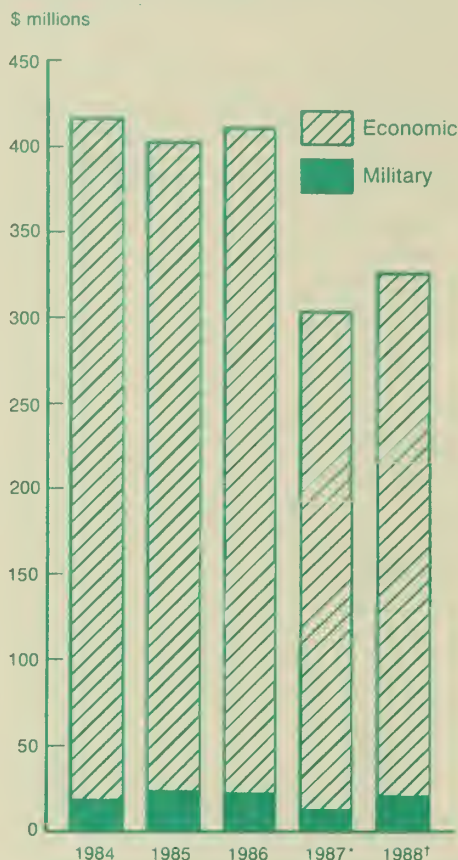
The Caribbean

Our stake in peace and economic development in the Caribbean requires that we continue to demonstrate our long-term commitment to the strengthening of democratic institutions in the region and willingness to make a major contribution to their development. The Grenada experience has demonstrated that we must not neglect our friends in this area. Our programs consist primarily of economic assistance because of adverse developments in markets for the region's principal exports, heavy debt burdens, and internal economic imbalances.

Haiti. Our request consists mainly of economic assistance. The primary use of ESF will be to finance balance-of-payments support for the economic reform program. Some funds will also be used to develop activities with nongovernmental organizations and to improve the Haitian public sector's ability to attract and support private sector investment. By FY 1988, Haiti plans to have a newly elected civilian president, and our small proposed program of military assistance will enhance military support for democracy, help maintain internal security against threats from the right or left, and permit greater anti-narcotics efforts.

Jamaica. The economic situation calls for a firm commitment on our part to support the essential but politically difficult adjustment programs the country is undertaking to correct the severe imbalances arising in large part from the drastic declines in bauxite/alumina exports and other traditional exports. ESF funds will help to stimulate the recovery and development of this valuable trading partner and complement the tremendous efforts Jamaica is

U.S. Bilateral Assistance to Caribbean Countries, FY 1984-88



* Allocation.
† Request.

making to combat narcotics trafficking. The modest military assistance program will continue the ongoing modernization of the Jamaican Defense force and contribute substantially to improving coastal patrol capabilities and overall force mobility, which are essential to effective antinarcotics programs.

Dominican Republic. This friendly nation, the most populous democracy in the Caribbean, is facing serious economic problems. Reductions in the U.S. sugar quota and low world prices for sugar and other primary products have led to a large trade deficit and a serious shortage of foreign exchange. By helping to bridge the foreign exchange shortfall during the economic adjustment period, U.S. assistance allows the continued flow of necessary imports. The small military assistance program will provide needed supplies and training to further professionalize and depoliticize the Dominican Armed Forces.

Eastern Caribbean. Our assistance to these island nations will continue to support the Regional Security System, especially the joint training program we have established with the United Kingdom. ESF funds will be geared toward infrastructure development, diversification away from traditional agricultural exports, and attracting new private investment.

Central America

Nearly two-thirds of the funds we are requesting will go to Central America—\$216 million in military assistance and \$826.6 million in economic assistance. As usual, by far the larger portion of our request is for economic aid—about four times the request for military assistance. The rationale for devoting such a large percentage of our resources to this region is clear. The problems in Central America require patient, sustained U.S. efforts. Over the past 3 years, with the help of Congress, we have begun to implement the comprehensive program recommended by the National Bipartisan Commission on Central America. We believe this program will be successful, because it addresses all of the causes of the conflict currently gripping Central America.

The policy we are implementing supports social and economic reform to allow elements of society traditionally unable to benefit from economic growth to participate in Central America's future. It supports defense of democratically elected governments from internal and external subversion. It supports the strengthening of judicial systems—the backbone of a democracy. And it supports the maintenance of a military capable of meeting internal or external threats, yet supportive of the democratic system. The amounts of financial, economic, and military assistance requested are needed to sustain this strategy. At a time when the Soviet bloc is increasing its efforts, when the Soviet bloc tonnage of military equipment delivered to Nicaragua has reached the unprecedented level of 23,000 metric tons in 1986, we must meet the challenge to democracy.

This year's request will support a record of major accomplishments that would have been difficult, if not impossible, without our assistance. The severe economic slide in Central America that was evident in 1980-83 has been arrested and reversed in every democratic country in the region. Private capital has begun to return, and

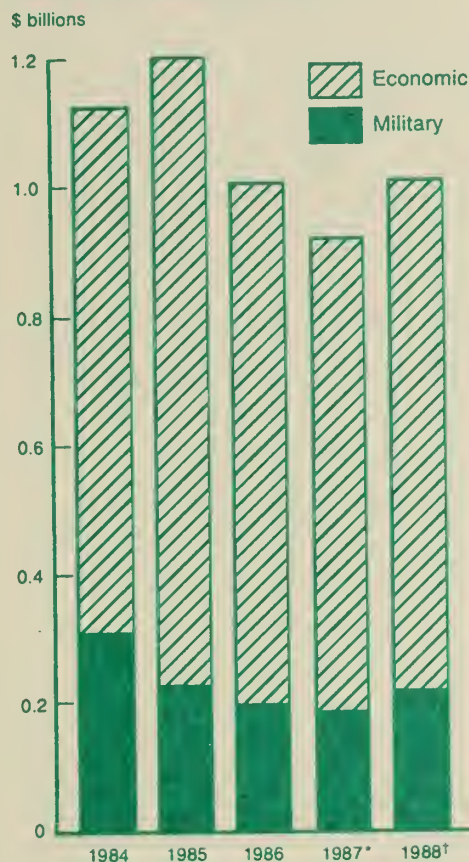
private investment has begun to recover. Nontraditional exports are expanding in most countries, dramatically in Costa Rica. Infant mortality rates are dropping more rapidly than anticipated and primary school enrollments are increasing.

There has been a fundamental change in the attitudes of the armed forces toward human rights, particularly in El Salvador and Guatemala. Civilian control of the armed forces in El Salvador is now a fact. Furthermore, battlefield performance has improved. The guerrillas now generally operate secretly in small units against economic targets rather than attempting direct conflict with the military. Guerrilla strength is believed to have fallen to about 6,000 from a high of 9,000-11,000. In Guatemala, the military ensured a fair, open political campaign and election in 1985. A code of military conduct has improved civil-military relations to the point that the rural civilian population now participates in the defense of their villages. The Honduran Armed Forces have successfully used U.S.-provided training and equipment to detect and defeat terrorist and guerrilla elements that have surfaced sporadically since 1982.

El Salvador. Our security assistance has and will continue to help the government of President Duarte defend itself against a communist insurgency supported by Nicaragua, Cuba, and the Soviet bloc. The vast majority of the Salvadoran people have rejected the insurgents and demonstrated at the ballot box their support for President Duarte's appeal to addressing the problems of that nation through democratic processes. Our ESF program of \$200 million is designed to counter insurgent destruction of production and economic infrastructure, to provide emergency assistance to families displaced by the insurgents, to maintain employment and productivity, and to increase economic growth. The military assistance program provides the equipment, ammunition, and training needed by government forces to foreclose military victory to the insurgents and bring them into the democratic process. The program will continue the development of an efficient, professional military force respectful of human rights and the democratic process.

Honduras. Honduras is the key player in U.S. and regional efforts to promote democracy and economic development in Central America. In March and December 1986, Sandinista military aggression escalated with major

U.S. Bilateral Assistance to Central America, FY 1984-88



* Allocation.

† Request.

incursions into Honduran territory. In addition, the Nicaraguan Government has attempted to create insurgencies in Honduras on at least two occasions in the last 3 years. Our request for \$80 million in MAP funds will enhance the Honduran Armed Forces' ability to deter Nicaraguan aggression and to carry out their defense responsibilities.

In the shadow of the Sandinista threat, the Honduran people are building and strengthening democratic institutions. Vigorously contested elections in 1981 and 1985 brought civilian governments back to power in Honduras. Continued U.S. support for economic policy adjustments will help President Azcona make strides toward achieving long-term, stable economic growth, which fosters democracy and makes insurgent alternatives unappealing; \$100 million in ESF is needed to support President Azcona's ambitious and, so far, successful economic stabilization program.

Guatemala. For decades, Guatemala has been fighting an insurgency. A poor country ruled for almost 30 years by military governments, it is now a struggling democracy. The government of Vinicio Cerezo has made steady progress in reducing human rights abuses, promoting economic growth, and creating the conditions for greater citizen participation in government. It is in our national interest that the civilian government complete its term in office and make headway in solving the problems it faces. The \$80 million ESF program will help the government address the basic socioeconomic inequalities that fed the insurgency and help stabilize Guatemala's international financial accounts while continuing a highly effective economic policy reform dialogue. We are also requesting \$7 million MAP which will be used to improve the ground and air mobility of the Guatemalan forces.

Costa Rica. Our main objective in Costa Rica is the maintenance of a free, stable, democratic society. Substantial economic assistance is necessary to help Costa Rica adjust to the effects of the recent worldwide recession and severe deterioration of its terms of trade. The \$90 million ESF request will help finance importation of U.S. machinery, raw materials, and spare parts needed for production, employment, and exports. Limited military assistance (\$2.45 million) to Costa Rica's small security forces is also needed to enable the Costa Rican Government to police its borders and counter the internal security threat posed by continuing Nicaraguan troublemaking.

Panama. Our proposed military assistance of \$3.6 million continues our treaty-related commitment to help the Panama Defense Forces prepare for their future role of defending the canal. Our long-term goal is the uninterrupted, secure use of the canal. To help in this, we seek a professional, apolitical military that is friendly to the United States. In 1986, partly in response to our economic assistance covenants, Panama passed substantial reform legislation setting the stage for a program of economic adjustment and greater reliance on market forces. To help the government achieve the goals of this program we are asking for \$10 million in ESF.

Belize. Belize is a peaceful, stable democracy in a turbulent region. Our policy goals include preserving Belize's democratic institutions, suppressing nar-

cotics production and trafficking, and creating sustainable economic growth. We have proposed \$2 million in ESF to help sustain the economic stabilization thus far achieved. Our modest military assistance (\$1 million in MAP and \$70,000 in IMET) is designed to provide support to the Belize Defense Force and complements British training efforts. Our assistance also aids Belize's efforts to combat drug production and trafficking.

Regional Programs

Central America Regional and Latin America and Caribbean (LAC) Regional Programs.

In addition to the country-specific programs, there are activities such as institution-building and civic training that are carried out through either the LAC Regional Program or Central America Regional Program. For FY 1988 we are asking \$61 million for Central America Regional and \$32 million for the LAC Regional Programs.

One of the major programs to which these funds will be devoted is the Administration of Justice program, which supports national initiatives to carry out judicial reforms, including training for judges, prosecutors, and other legal personnel; to improve court administration; to reproduce and disseminate legal materials; to train criminal investigators; to modernize law codes and strengthen case reporting; and to support local bar associations. Other funds for democratic development are used to improve legislative capacity, provide press training, support the development of electoral institutions, and improve civil-military relations. In addition, the LAC regional account provides funding to the American Institute for Free Labor Development and to other projects which provide special training. Finally, Central America regional funds support a number of activities in agriculture, education, health, and industry designed to encourage long-term growth.

IMET. IMET-funded training is a particularly important aspect of our military assistance programs. Throughout this hemisphere we rely heavily on the special people-to-people relationships that have developed as a result of IMET training. Many former IMET students now occupy positions of high responsibility in their own countries, and our access to them is directly attributable to relationships and viewpoints established during the time they studied in the United States. IMET

training is not just a professional military training program, it is also a kind of cultural exchange program because it gives foreign and American officers exposure to each other's ideas, beliefs, and customs and fosters mutual understanding. It exposes foreign officers to democratic ideals and practices. IMET programs are especially important to the development and continuation of good military-to-military relationships with countries where we do not have large military assistance programs. Mexico and Venezuela are examples of countries where our access to the military results from and depends largely on IMET programs. Full funding of our IMET programs will benefit all of us, as well as the next generation.

FY 1988 Legislation. The Administration's FY 1988 foreign assistance legislative proposals were recently transmitted to Congress. I would like to mention some of particular importance to my area of responsibility.

• *Administration of Justice.*

Strengthening the administration of justice in many democracies in Latin America and the Caribbean is a long-term goal. The range of activities already initiated has been very encouraging. The amendments proposed by the Administration would remove the terminal date of the program, signifying our long-term commitment, and would clarify and broaden authority for the program. We believe this program is an important means for improving the observance of political and human rights.

• *Assistance for Police of Democratic Governments.* This amendment provides that Section 660 of the Foreign Assistance Act, which prohibits police training, will not apply to a country which has a democratically elected government, which seeks to strengthen democratic institutions, and which does not have a record of gross abuse of internationally recognized human rights. A number of exceptions to section 660 are contained in existing legislation, and this fragmented approach is not adequate to meet current needs. Improved law enforcement professionalism increases the observance of human rights. The amendment also would enhance the ability of foreign governments to protect American citizens living abroad who are frequently targets of criminal and terrorist threats. We hope any congressional concerns will be allayed by the provision for prior notification.

• *Restrictions on Training Assistance.* This proposal would permit military and economic assistance for training for Argentina or Brazil, provided that these countries continue to have democratically elected governments and subject to existing legislative provisions with regard to human rights and police training. We believe training should be considered comparable to programs such as the Peace Corps and USIA [United States Information Agency] exchanges which are in the U.S. interest and are, therefore, not subject to most legislative restrictions. Training provides the United States with access to current and future leaders in these two countries, which are increasingly significant in Latin America and on the world scene. A similar proposal was approved by the Senate in 1985 but failed in conference; we hope on further consideration it will be approved by both Houses.

• *Safety-of-Flight Items for Chile.* An unintended consequence of legislative restrictions on military sales to Chile is their negative impact on the safe operation of U.S. aircraft sold to the Chilean Government years ago. Recognizing the problem, in 1985 Congress exempted ejection seat devices and related manuals from the ban. This eased an acute problem. To eliminate the remaining threat to safety of aircrews and civilians alike, we propose allowing the transfer of additional safety-of-flight items, keeping off limits sales of weapons or other nonsafety items. This would ensure that we avoid an unwanted disaster caused by avoidable aircraft failure and generate some good will and enhanced access for the United States among the Chilean Air Force. In view of the Chilean military's key role for Chile's hoped-for transition to democracy, such a limited step is fully consistent with U.S. policy of support for a democratic transition and increased respect for human rights in Chile.

• *Narcotics-Related Requirements.* The proposed amendments to Section 481 of the Foreign Assistance Act modifications would apply worldwide but would be important in our relations with a number of Latin American and Caribbean countries. Based on our experience with application of the omnibus drug act so far, they would focus the impact of sanctions on the 30 most significant drug producing and transit countries, provide the means to administer the sanctions

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Latin America and the Caribbean: FY 1988 Foreign Assistance Request \$ millions

	Economic Assistance				Military Assistance			TOTAL
	ESF	DA	PL 480	Total	MAP	FMS	IMET	
Central America	502.0	230.1	94.5	826.6	211.0	0.0	5.125	216.125
Belize	2.0	7.3	0.0	9.3	1.0	0.0	0.070	1.070
Costa Rica	90.0	12.9	15.0	117.9	2.0	0.0	0.450	2.450
El Salvador	200.0	75.6	40.9	316.5	120.0	0.0	1.875	121.875
Guatemala	80.0	33.3	23.9	137.2	5.0	0.0	0.600	5.600
Honduras	100.0	40.4	14.7	155.1	80.0	0.0	1.530	81.530
Panama	10.0	19.4	0.0	29.4	3.0	0.0	0.600	3.600
Regional Programs	20.0	41.2	0.0	61.2	NA*	NA	NA	NA
Andean	57.0	53.8	47.1	157.9	26.0	0.0	3.650	29.650
Bolivia	30.0	22.6	28.5	81.1	8.0	0.0	0.400	8.400
Colombia	0.0	0.0	0.0	0.0	7.5	0.0	1.400	8.900
Ecuador	17.0	17.0	0.4	34.4	7.5	0.0	0.950	8.450
Peru	10.0	14.2	18.2	42.4	3.0	0.0	0.700	3.700
Venezuela	0.0	0.0	0.0	0.0	0.0	0.0	0.200	0.200
Caribbean	135.0	91.6	81.4	308.0	19.0	0.0	2.500	21.500
The Bahamas	0.0	0.0	0.0	0.0	0.0	0.0	0.100	0.100
Dominican Republic	35.0	20.0	21.3	76.3	2.0	0.0	1.000	3.000
Eastern Caribbean	25.0	21.0	0.0	46.0	7.0	0.0	0.400	7.400
Guyana	0.0	0.0	4.0	4.0	0.0	0.0	0.050	0.050
Haiti	30.0	32.0	25.8	87.8	4.0	0.0	0.550	4.550
Jamaica	45.0	18.6	30.3	93.9	6.0	0.0	0.300	6.300
Suriname	0.0	0.0	0.0	0.0	0.0	0.0	0.050	0.050
Trinidad and Tobago	0.0	0.0	0.0	0.0	0.0	0.0	0.050	0.050
Other	0.0	0.0	0.2	0.2	1.5	0.0	0.700	2.200
Argentina	0.0	0.0	0.0	0.0	0.0	0.0	0.050	0.050
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.050	0.050
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.050	0.050
Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.275	0.275
Paraguay	0.0	0.0	0.2	0.2	0.0	0.0	0.150	0.150
Uruguay	0.0	0.0	0.0	0.0	1.5	0.0	0.125	1.625
Latin America and Caribbean Regional Programs	6.0	25.9	0.0	31.9	NA	NA	NA	NA
Panama Canal Military Schools	NA	NA	NA	NA	0.0	0.0	2.100	2.100
TOTAL: Latin America and the Caribbean	700.0	401.4	223.2	1324.6	257.5	0.0	14.075	271.575

* NA = not applicable.

more effectively through proper identification of transit countries, and provide leverage for obtaining the cooperation of such countries in narcotics control activities before the sanctions actually take effect. I am convinced the effect will be to enhance cooperative efforts with Western Hemisphere countries in narcotics control. We encourage Congress to repeal section 2013 of the omnibus drug act, which is duplicative of the section 481 certification process.

Conclusion

In designating 1987 as the National Year of the Americas, Congress and the President have recognized the special relationship that we have and want to maintain with Latin American and Caribbean nations. To put it plainly, these countries are our neighbors. It would be inconsistent for us as a nation to proclaim a year dedicated to the renewal of mutual understanding and at the same time refuse to provide the same neighbors we are singling out for recognition with the resources they need to meet the objectives we agree are as essential to our future as theirs.

As part of the National Year of the Americas, public and private organizations throughout the hemisphere are planning special activities to celebrate the achievements we have made together and to explore ways in which we can continue to assist each other and develop better relationships. In our own country, in August of this year, some 20 nations from all over our hemisphere will gather in Indianapolis for the 10th Pan American games. This is an event which participants and spectators agree leaves a lasting impression of good will, and contributes to friendships whose value over time is incalculable. Let us not forget that the actions we take as a government also leave lasting impressions. An unwillingness to stand by our neighbors and friends when they need our assistance also has incalculable long-term effects. Congress can make a meaningful contribution to the National Year of the Americas by acting positively on our assistance request. I urge you to provide full funding for the programs we have outlined. They are necessary to sustain democracy, to expand economic and social reforms, and to protect our common security interests.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Costa Rican Initiative

by Elliott Abrams

Prepared statement before the Senate Foreign Relations Committee on March 6, 1987. Mr. Abrams is Assistant Secretary for Inter-American Affairs.¹

I am pleased to come before this committee today to speak in support of the concurrent resolution on Central America introduced by Senator [Terry] Sanford. In view of the differences of opinion that exist about some aspects of our Central American policy, it is a pleasure to discuss with you a proposal that has bipartisan support.

The United States has welcomed efforts by the Central American democracies to overcome the current impasse in regional negotiations. They recognize that the regional crisis is largely the result of the internal conflict in Nicaragua, a conflict produced by the Sandinistas' denial of freedom and their relentless efforts to consolidate a repressive Marxist-Leninist dictatorship aligned with Cuba and the Soviet bloc. They have concluded that a solution to the regional crisis—and ultimately the security of their own democracies—depends upon the achievement of national reconciliation and democratization in Nicaragua. President [Oscar] Arias of Costa Rica, whose moral authority on the issue of democracy cannot be challenged, has taken the lead in offering specific proposals.

It is important to keep in mind that the Arias proposals at this stage are essentially an outline. They are a Costa Rican draft, a working document that will need to be fleshed out in the coming weeks. The other Central American democracies have welcomed the Costa Rican initiative; they have agreed to study the proposals and to submit their suggestions for improving them. Like them, we have some ideas about how to improve the proposals and will make them known through the appropriate channels at the appropriate time. I do not intend to discuss them here today. In recognition that any negotiated solution must of necessity include Nicaragua, President Arias has transmitted his proposals to Nicaragua and invited its suggestions as well. A second summit meeting is to be held in Esquipulas, Guatemala, within 90 days, during which all five Central American presidents will discuss the Arias proposals and attempt to reach an agreement on a final text.

We believe that it is entirely appropriate that the Central American coun-

tries, the ones most affected by the conflict in Nicaragua, have taken the lead in the negotiating process. One of the problems in the Contadora negotiations has been that the concerns of the Central American democracies were not always given sufficient attention. Over the past year, this situation has changed as the four democracies have asserted themselves and assumed control over their own destiny. Let me make clear, however, Contadora remains an important and valuable element in regional negotiations. President Arias has emphasized that he wishes to work within the Contadora framework and that his proposals are intended to complement Contadora, not replace it. He has made clear that he seeks to break through the current obstacles to Contadora by focusing squarely on political change in Nicaragua, the crucial issue which Contadora has been unwilling or unable to resolve.

We have sought to work with Costa Rica to ensure that the proposals have the best possible chance for success. In January, Ambassador Habib [Philip C. Habib, special envoy for Central America] and I met with Foreign Minister [Rodrigo] Madrigal in Miami to discuss the Costa Rican ideas. We welcomed President Arias' call for a summit meeting and encouraged the other presidents to participate. Ambassador Habib met last week at length with President Arias and Foreign Minister Madrigal to discuss the proposals in considerable detail. He subsequently consulted with Presidents Azcona [of Honduras] and Duarte [of El Salvador], Foreign Secretary Sepulveda [of Mexico], and leaders of the Nicaraguan democratic opposition, as well as leaders of the civic opposition who in February produced their own plan for national reconciliation and democratization. Today, Ambassador Habib is in Guatemala meeting with President Cerezo. He will return to the region later this month to continue his consultations. In keeping with the spirit of confidentiality which is essential to successful diplomacy, I do not intend to discuss in any detail the substance of our conversations or the specifics of the Arias proposals. I will say that we strongly support the efforts of the Central American democracies; we are hopeful that from Esquipulas will emerge an agreement that all five Central American nations and we can support.

I do not wish to understate the difficulties facing the efforts by the four democracies; however, the Sandinista regime initially scorned President Arias'

TREATIES

Current Actions

MULTILATERAL

Arbitration

Convention on the recognition and enforcement of foreign arbitral awards. Done at New York June 10, 1958. Entered into force June 7, 1959; for the U.S. Dec. 29, 1970. TIAS 6997.

Accession deposited: China, Jan. 22, 1987.

Inter-American convention on international commercial arbitration. Done at Panama City Jan. 30, 1975. Entered into force June 16, 1976.¹

Ratification deposited: Colombia, Dec. 29, 1986.

Aviation

Convention for the suppression of unlawful seizure of aircraft. Done at The Hague Dec. 16, 1970. Entered into force Oct. 14, 1971. TIAS 7192.

Convention for the suppression of unlawful acts against the safety of civil aviation. Done at Montreal Sept. 23, 1971. Entered into force Jan. 26, 1973. TIAS 7570

Accessions deposited: Zambia, Mar. 3, 1987.

Conservation

Amendment to the convention of Mar. 3, 1973, on international trade in endangered species of wild fauna and flora (TIAS 8249). Done at Bonn June 22, 1979.

Acceptances deposited: Indonesia, Feb. 12, 1987; Morocco, Feb. 3, 1987; Senegal, Jan. 29, 1987.

Enters into force: April 13, 1987.

Finance—IFAD

Agreement establishing the International Fund for Agricultural Development (IFAD). Done at Rome June 13, 1976. Entered into force Nov. 30, 1977. TIAS 8765.

Accession deposited: Korea, Dem. People's Rep., Feb. 23, 1987.

Genocide

Convention on the prevention and punishment of the crime of genocide. Done at Paris Dec. 9, 1948. Entered into force Jan. 12, 1951.¹ 78 UNTS 277.

Accession deposited: Yemen (Aden), Feb. 9, 1987.

Human Rights

International covenant on economic, social, and cultural rights. Done at New York Dec. 16, 1966. Entered into force Jan. 3, 1976.¹ 993 UNTS 3.

Accessions deposited: Uganda, Jan. 21, 1987; Yemen (Aden), Feb. 9, 1987.

International covenant on civil and political rights. Done at New York Dec. 16, 1966. Entered into force Mar. 23, 1976.¹ 999 UNTS 171.

Accession deposited: Yemen (Aden), Feb. 9, 1987.

Judicial Procedure

Convention abolishing the requirement of legalization for foreign public documents, with annex. Done at The Hague Oct. 5, 1961. Entered into force Jan. 24, 1965; for the U.S. Oct. 15, 1981. TIAS 10072.

Accession deposited: Brunei, Feb. 23, 1987.

Convention on the civil aspects of international child abduction. Done at The Hague Oct. 25, 1980. Entered into force Dec. 1, 1983.¹

Signature: Italy, Mar. 2, 1987.

Maritime Matters

International convention on load lines, 1966. Done at London Apr. 5, 1966. Entered into force July 21, 1968. TIAS 6331, 6629.

Accession deposited: Antigua and Barbuda, Feb. 9, 1987.

Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629). Adopted at London Oct. 12, 1971 and Nov. 5, 1975.²

Acceptances deposited: Argentina, Feb. 18, 1987.

Convention on the international regulations for preventing collisions at sea, 1972, with regulations. Done at London Oct. 20, 1972. Entered into force July 15, 1977. TIAS 8587

Accession deposited: Brunei, Feb. 5, 1987.

International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.

Accessions deposited: Antigua and Barbuda, Feb. 9, 1987; Brunei, Oct. 23, 1986.³

Protocol of 1978 relating to the international convention for the safety of life at sea, 1974 (TIAS 9700). Done at London Feb. 17, 1978. Entered into force May 1, 1981. TIAS 10009.

Accession deposited: Antigua and Barbuda, Feb. 9, 1987.

International convention on standards of training, certification, and watchkeeping for seafarers, 1978. Done at London July 7, 1978. Entered into force Apr. 28, 1984.¹

Accessions deposited: Indonesia, Jan. 27, 1987; Jamaica, Feb. 19, 1987; Maldives, Jan. 22, 1987; Sri Lanka, Jan. 22, 1987.

International convention on maritime search and rescue, 1979, with annex. Done at Hamburg Apr. 27, 1979. Entered into force June 22, 1985.

Accession deposited: Cameroon, Jan. 9, 1987.

Marriage

Convention on consent to marriage, minimum age for marriage, and registration of marriages. Done at New York Dec. 10, 1962. Entered into force Dec. 9, 1964. 521 UNTS 231.¹

Accession deposited: Yemen (Aden), Feb. 9, 1987.

Narcotic Drugs

Convention on psychotropic substances. Done at Vienna Feb. 21, 1971. Entered into force Aug. 16, 1976; for the U.S. July 15, 1980. TIAS 9725.

initiative and his call for a summit. On January 30, they issued a communique which denounced Costa Rica, El Salvador, and Honduras as neocolonies of the United States and accused them of betraying all of Latin America for being interested in a peaceful solution that included democracy in Nicaragua. The Sandinistas have now modified their position; they say they will study the proposals and attend the Esquipulas summit. There can be no doubt that they will seek to weaken the proposals, keeping and expanding those elements they like and discarding those they do not. They may well intend to drag out the discussions with meeting after meeting over a prolonged period. Their goal would not be to reach an agreement but to persuade many abroad, including Members of Congress, that they are serious. I believe that for this initiative to succeed, it is essential that Congress make clear to the Sandinistas that it cannot be manipulated. The pressure will continue until an agreement is concluded. The Sandinistas must understand that the alternative to serious negotiations is not simply buying time until October, but facing increasing isolation and pressure.

In conclusion, I wish to reiterate the desire of the United States to find a negotiated solution to the crisis in Central America. We seek a good agreement, one that will achieve a just and durable peace and bring democracy to all the people of the region. We cannot accept just any agreement, of course. We cannot endorse partial or piecemeal solutions that only mask the basic problems and ensure renewed and even more costly conflict in the future. We have supported the Contadora process because in the 21 points of the 1983 Document of Objectives it envisions the type of agreement needed to resolve the crisis. We would welcome an agreement that achieved the comprehensive, verifiable, and simultaneous implementation of those 21 objectives. We will work closely with the Central American democracies over the coming weeks and make every effort to see that their effort succeeds and contributes to our common goal of peace and democracy. We support the concurrent resolution under consideration today.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

TREATIES

Accession deposited: Burkina Faso, Jan. 20, 1987.

NATO

Agreement on the status of the North Atlantic Treaty Organization, national representatives, and international staff. Done at Ottawa Sept. 20, 1951. Entered into force May 18, 1954. TIAS 2992

Signature: Spain, Mar. 4, 1987.

Nuclear Accidents

Convention on early notification of a nuclear accident. Done at Vienna Sept. 26, 1986. Entered into force Oct. 27, 1986.¹ [Senate] Treaty Doc. 100-4.

Transmitted to Senate for advice and

consent: Mar. 23, 1987.

Ratification deposited: U.S.S.R.,

Dec. 23, 1986.³

Convention on assistance in the case of a nuclear accident or radiological emergency. Done at Vienna Sept. 26, 1986. [Senate] Treaty Doc. 100-4.

Entered into force: Feb. 26, 1987.¹

Transmitted to Senate for advice and

consent: Mar. 23, 1987.

Ratification deposited: U.S.S.R.,

Dec. 23, 1986.³

OAS

Protocol of amendment to the Charter of the Organization of American States (TIAS 2361). Signed at Cartagena de Indias, Colombia, Dec. 5, 1985.²

Ratifications deposited: Colombia, Mar. 12, 1987; St. Lucia, Feb. 6, 1987.

Pollution

Protocol to the convention on long-range transboundary air pollution of Nov. 13, 1979 (TIAS 10541), concerning monitoring and evaluation of the long-range transmission of air pollutants in Europe (EMEP), with annex. Done at Geneva Sept. 28, 1984.²

Accession deposited: German Dem. Rep.,

Dec. 17, 1986.⁴

Red Cross

Protocol additional to the Geneva conventions of Aug. 12, 1949 (TIAS 3362, 3363, 3364, 3365), and relating to the protection of victims of international armed conflicts (Protocol I), with annexes. Adopted at Geneva June 8, 1977. Entered into force Dec. 7, 1978.¹

Protocol additional to the Geneva conventions of Aug. 12, 1949 (TIAS 3362, 3363, 3364, 3365), and relating to the protection of victims of noninternational armed conflicts (Protocol II). Adopted at Geneva June 8, 1977. Entered into force Dec. 7, 1978.¹

Accessions deposited: Argentina, Nov. 26, 1986⁴; Philippines, Dec. 11, 1986 (Protocol II only).

Satellite Communications System

Agreement relating to INTELSAT, with annexes. Done at Washington Aug. 20, 1971. Entered into force Feb. 12, 1973. TIAS 7532.

Accession deposited: Togo, Mar. 5, 1987.

Operating agreement relating to INTELSAT, with annex. Done at Washington Aug. 20, 1971. Entered into force Feb. 12, 1973. TIAS 7532.

Signature: Societe Autonome des Telecommunications Internationales du Togo, Mar. 5, 1987.

Slavery

Protocol amending the slavery convention signed at Geneva Sept. 25, 1926 (TS 778), with annex. Done at New York Dec. 7, 1953. Entered into force Dec. 7, 1953, for the Protocol; July 7, 1955, for the annex to the Protocol; for the U.S. Mar. 7, 1956. TIAS 3532.

Accession deposited: Yemen (Aden), Feb. 9, 1987.

Sugar

International sugar agreement, 1984, with annexes. Done at Geneva July 5, 1984. Entered into force provisionally Jan. 1, 1985; definitively Apr. 4, 1985.⁵

Notification of provisional application deposited: Uruguay, Jan. 30, 1987.

Extension of the international sugar agreement, 1984. Adopted by the International Sugar Council at London Nov. 21, 1986. Entered into force: Jan. 1, 1987.⁵

Terrorism

Convention on the prevention and punishment of crimes against internationally protected persons, including diplomatic agents. Done at New York, Dec. 14, 1973. Entered into force Feb. 20, 1977. TIAS 8532.

Accession deposited: Yemen (Aden), Feb. 9, 1987.

Trade

Agreement on import licensing procedures. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9788.

Ratification deposited: Poland, Feb. 25, 1987.

Trade—Textiles

Protocol extending the arrangement of Dec. 20, 1973, regarding international trade in textiles (TIAS 7840). Done at Geneva July 31, 1986. Entered into force Aug. 1, 1986; for the U.S. Aug. 5, 1986.

Acceptances deposited: Finland, Feb. 11, 1987; Yugoslavia, Feb. 23, 1987.

Weapons

Convention on prohibitions or restrictions on the use of certain conventional weapons which may be deemed to be excessively injurious or to have indiscriminate effects. Adopted at Geneva Oct. 10, 1980. Entered into force Dec. 2, 1983.¹

Ratification deposited: Cuba, Mar. 2, 1987.

Protocol on nondetectable fragments (Protocol I). Adopted at Geneva Oct. 10, 1980. Entered into force Dec. 2, 1983.¹

Protocol on prohibitions or restrictions on the use of mines, boobytraps, and other devices (Protocol II). Adopted at Geneva Oct. 10, 1980. Entered into force Dec. 2, 1983.¹

Wheat

Wheat trade convention, 1986. Done at London Mar. 14, 1986. Entered into force July 1, 1986.⁵ [Senate] Treaty Doc. 100-1.

Accessions deposited: Malta, Feb. 9, 1987; Turkey, Feb. 27, 1987.

Ratification deposited: Finland, Mar. 2, 1987.

Food aid convention, 1986. Done at London Mar. 13, 1986. Entered into force July 1, 1986.⁵ [Senate] Treaty Doc. 100-1.

Ratification deposited: Finland, Mar. 2, 1987.

Women

Convention on the elimination of all forms of discrimination against women. Done at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.¹

Signature: Switzerland, Jan. 23, 1987.

Convention on the political rights of women. Done at New York Mar. 31, 1953. Entered into force July 7, 1954; for the U.S. July 6, 1976. TIAS 8289.

Accession deposited: Yemen (Aden), Feb. 9, 1987.

BILATERAL

Belgium

Supplementary treaty on extradition to promote the repression of terrorism. Signed at Washington Mar. 17, 1987. Enters into force on the first day of the second month after the exchange of instruments of ratification.

China

Arrangement concerning trade in certain steel products, with appendices and exchange of letters. Signed at Washington Feb. 25, 1987. Entered into force Feb. 25, 1987; effective Jan. 1, 1986.

Egypt

Agreement amending and extending agreement of Dec. 7 and 28, 1986 (TIAS 8973), as amended, relating to trade in textiles and textile products. Effected by exchange of notes at Cairo Nov. 30 and Dec. 28, 1986. Entered into force Dec. 28, 1986.

European Communities

Agreement for the conclusion of negotiations under GATT Article XXIV:6, with annexes and related letter. Signed at Washington and Brussels Jan. 30, 1987. Entered into force Jan. 30, 1987.

France

Interim agreement relating to the employment of dependents of official government employees. Effected by exchange of notes at Paris Feb. 24, 1987. Entered into force Feb. 24, 1987.

Agreement on social security. Signed at Paris Mar. 2, 1987. Enters into force on the first day of the third month following the date of the last notification by the Contracting States of completion of their respective statutory and constitutional procedures.

PRESS RELEASES

Indonesia

Agreement concerning the airworthiness and environmental certification of imported civil aeronautical products. Effected by exchange of notes at Jakarta Jan. 23, 1987. Entered into force Jan. 23, 1987.

International express mail agreement, with detailed regulations. Signed at Jakarta and Washington Jan. 23 and Feb. 26, 1987. Entered into force Apr. 1, 1987.

Agreement amending agreement of Sept. 25 and Oct. 3, 1985, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Jakarta Feb. 3 and Mar. 10, 1987. Entered into force Mar. 10, 1987; effective Jan. 1, 1987.

Italy

Memorandum of understanding concerning cooperation in the field of environmental protection. Signed at Rome Mar. 3, 1987. Entered into force Mar. 3, 1987.

Jamaica

Agreement amending agreement of Aug. 27, 1986, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Washington Jan. 24 and Feb. 4, 1987. Entered into force Feb. 4, 1987.

Korea

Agreement on mutual customs service assistance. Signed at Washington Nov. 3, 1986. Entered into force: Mar. 10, 1987.

Agreements amending agreement of Nov. 21 and Dec. 4, 1986, as amended, relating to trade in textiles and textile products. Effected by exchanges of letters at Washington Jan. 20 and Feb. 2 and 11, 1987. Entered into force Feb. 11, 1987.

Mauritania

Agreement for scientific and technical cooperation in the earth sciences. Signed at Reston and Nouakchott Sept. 9, 1986, and Jan. 11, 1987. Entered into force Jan. 11, 1987.

Morocco

Agreement concerning the use of Ben Guerir Air Base as a space shuttle emergency landing site. Signed at Rabat and Washington Jan. 21 and 28, 1987. Entered into force Jan. 28, 1987.

Agreement relating to the agreement of Feb. 19, 1985, as amended, for the sale of agricultural commodities. Signed at Rabat Jan. 22, 1987. Entered into force Jan. 22, 1987.

Philippines

Agreement relating to trade in cotton, wool, manmade fiber, silk blend, and other vegetable fiber textiles and textile products, with annexes. Effected by exchange of letters at Washington Mar. 4, 1987. Entered into force Mar. 4, 1987; effective Jan. 1, 1987.

Portugal

Grant agreement to support economic and social development. Signed at Lisbon Dec. 30, 1986. Entered into force Dec. 30, 1986.

Sri Lanka

Agreement amending agreement of May 10, 1983, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Colombo Feb. 17 and Mar. 5, 1987. Entered into force Mar. 5, 1987.

Turkey

Agreement supplementing and extending the agreement on Mar. 29, 1980 (TIAS 9901), for cooperation on defense and economy. Effected by exchange of letters at Washington Mar. 16, 1987. Entered into force Mar. 16, 1987.

Agreement to promote and support the financial stability and economic recovery of Turkey. Signed at Ankara Dec. 29, 1986. Entered into force Dec. 29, 1986.

Agreement amending the agreement of Dec. 29, 1986. Signed at Ankara Jan. 8, 1987. Entered into force Jan. 8, 1987.

United Kingdom

Memorandum of understanding for the procurement of an airborne early warning system for the Royal Air Force, with related letter. Signed at Washington Feb. 25, 1987. Entered into force Feb. 25, 1987.

Agreement concerning Anguilla and narcotics activities, with annex and forms. Effected by exchange of letters at Washington Mar. 11, 1987. Enters into force on the date of written notification by the U.K. to the U.S. that Anguillan implementing legislation has come into effect.

Zaire

Agreement relating to and amending the agreement of Nov. 27, 1985, for sales of agricultural commodities. Signed at Kinshasa Jan. 22, 1987. Entered into force Jan. 22, 1987.

¹Not in force for the U.S.

²Not in force.

³With reservation(s).

⁴With declaration(s).

⁵In force provisionally for the U.S. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
50	3/2	International Narcotics Control Strategy Report released.
*51	3/3	Shultz: toast, Beijing, Mar. 1.
*52	3/4	Shultz: toast, Beijing, Mar. 2.
*53	3/5	Jonathan Moore appointed Director, Bureau of Refugee Programs.
54	3/5	Shultz: address, Management Training Center, Dalian, Mar. 3.
55	3/10	<i>Foreign Relations of the United States, 1952-1954, Vol. VI, Western Europe and Canada</i> , released.
56	3/6	Whitehead: address before forum on U.S.-Soviet trade relations, Mar. 5.
*57	3/9	Shultz: news briefing, Tokyo, Mar. 6.
*58	3/9	Program for the official working visit of Kenyan President Daniel T. arap Moi, Mar. 11-14.
59	3/10	Shultz: remarks, Shanghai, Mar. 5.
*60	3/12	Shultz: news conference, Beijing, Mar. 3.
*61	3/16	Shultz, Halefoglu: remarks upon the exchange of letters extending U.S.-Turkish agreement for cooperation on defense and economy.
*62	3/17	Shultz: news conference, Shanghai, Mar. 5.
*63	3/17	Alton G. Keel, Jr., sworn as U.S. Permanent Representative to NATO (biographic data).
*64	3/18	Shultz: luncheon remarks for Turkish Foreign Minister Halefoglu, Mar. 16.
*65	3/18	Shultz: dinner remarks for Turkish Foreign Minister Halefoglu, Mar. 16.
*66	3/18	Shultz: statement before Subcommittee on Foreign Operations, House Appropriations Committee, Mar. 11.
*67	3/18	Shultz: news briefing, Seoul, Mar. 6.
*68	3/20	Shultz: remarks and question-and-answer session before National Association of Wheat Growers, Mar. 18.
*69	3/20	Shultz: address, International Development Conference.
*70	3/20	Advisory Panel on International Telecommunications Law held first session Mar. 19.

PUBLICATIONS

- *71 3/24 Program for the official visit of French Prime Minister Jacques Chirac, Mar. 29-Apr. 1.
- *72 3/25 Shultz: remarks at the presentation by B'nai B'rith Anti-Defamation League of volume of names of Soviet refuseniks, Mar. 24.
- *73 3/27 Shultz: remarks at 1987 religious freedom award ceremony for Irini Ratushinskaya by the Institute on Religion and Democracy, Mar. 26.
- *74 3/31 Shultz: dinner toast at dedication of Onassis Center for Hellenic Studies, New York University, New York, Mar. 30.
- *75 3/31 Shultz: remarks at dedication of Onassis Center for Hellenic Studies, New York University, New York.
- *76 3/31 James Keough Bishop sworn in as Ambassador to Liberia (biographic data).

*Not printed in the BULLETIN. ■

Foreign Relations Volume Released

The Department of State on March 10, 1987, released *Foreign Relations of the United States, 1952-1954, Volume VI*, Western Europe and Canada. This volume documents U.S. policy toward Canada and the countries of Western Europe and the U.S. attitude toward nonmilitary regional organizations on the continent. U.S. policy with respect to NATO is presented in *Foreign Relations, 1952-1954, Vol. V*.

The most significant documentation in this volume is the material on U.S. policy toward Western European regional organizations. Since the end of World War II the United States had supported various proposals aimed at closer European cooperation. By 1952, proposals for European economic, political, and military integration had resulted in the formation of NATO, a draft treaty for a European Defense Community (EDC), and the establishment of the Organization for European Economic Cooperation (OEEC), the European Political Community (EPC), and the European Coal and Steel Community (ECSC). In the period covered by this volume the United States continued to support these regional efforts, on the one hand attempting to calm British concerns about their coming into force, while on the other hand urging the various European participants to give them their full support. This volume also documents the nuances of the approaches to the problem of strengthening Europe proposed by the different U.S. departments and agencies concerned. In particular, it highlights the discussion between the Department of State and the Mutual Security Agency concerning active or passive pursuit of the common objective.

Critical to the question of a strong Western Europe was French participation. Throughout the period covered by this volume the United States strongly encouraged active and meaningful involvement by France in these regional organizations. In particular, the United States constantly urged France to present the EDC treaty to the National Assembly for ratification, but successive French governments delayed. At one point, Secretary of State John Foster Dulles even resorted to talk of an "agonizing reappraisal" of U.S. policy toward Europe if the EDC failed. The various U.S. pressures on France and the solution to the problem following French rejection of the EDC in August 1954 are key issues addressed in this volume.

The volume also contains extensive coverage on bilateral relations with members of the Atlantic community, particularly the United Kingdom and Canada, as well as the nations of Western Europe.

Foreign Relations, 1952-1954, Volume VI, which consists of 2,144 pages of previously classified foreign affairs records, was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. This authoritative official record is based upon the files of the White House, the Department of State, and other government agencies.

Copies of Volume VI (Department of State Publication Nos. 9489 and 9490, GPO Stock No. 044-000-02158-7) may be purchased for \$41.00 (domestic paid) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. Checks or money orders should be made payable to the Superintendent of Documents.

Press release 55 of Mar. 10, 1987. ■

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President Reagan reviews the honor guard at the Uplands Canadian Forces Base where he was accorded a formal welcome with full military honors.



President's Visit to Canada

President Reagan met with Prime Minister Brian Mulroney in Ottawa April 5-6, 1987. Following are remarks the President made before and during his visit.¹

RADIO ADDRESS, APR. 4, 1987²

President John F. Kennedy once said of Canada and the United States that: "Geography has made us neighbors. History has made us friends. Economics has made us partners. And necessity has made us allies." Well, tomorrow, I'll be headed north to visit the people of Canada and to hold 2 days of meetings with Prime Minister Brian Mulroney. As neighbors, allies, partners, and friends, we've got much to discuss.

As nearby neighbors, the environment has always been a high priority for both our countries. Since the 1909 Boundary Waters Treaty, Canada and the United States have worked together to protect border lakes, rivers, and streams. We can be proud of what we've accomplished on this account, especially in protecting the Great Lakes, and this year we'll determine if more needs to be done.

Air pollution, another major environmental concern, has diminished in North America since the United States passed the pioneering Clean Air Act of 1970. However, Canada and the United States continue to worry about the consequences of acid rain. In March 1986 Prime Minister Mulroney and I endorsed the report of our special envoys on this problem, and last month I directed our Administration to undertake three major steps to carry out the envoy's proposals.

The first is to seek the full government funding recommended by the envoys—\$2.5 billion over 5 years—for demonstration of innovative pollution control technology. Industry will be encouraged to invest at least as much during the same period.

Second, the Secretary of Energy is in the process of establishing a panel—with participation by the Environmental

Protection Agency, the State governments, the private sector, and the Government of Canada—to advise him on pollution control projects.

Third, I've also asked the Vice President to have the Presidential Task Force on Regulatory Relief to examine local, State, and Federal regulations that might inhibit the deployment of new emission control technologies and other innovative emission reduction measures.

We can be grateful that on these crossborder environmental questions our two countries are working with each other, rather than against each other. The same is certainly true when it comes to peace and security. As allies, the United States and Canadian Armed Forces are partners in NATO [North Atlantic Treaty Organization] and in NORAD, the North American Aerospace Defense Command, as well as in peacekeeping operations around the world.

The Western alliance has kept the peace these last 40 years, but it isn't without cost. The Mulroney government has pledged higher defense spending to make certain Canada is carrying its part of the load, a move which NATO and the U.S. Government welcome.

We've also been able to count on the Mulroney government to support our efforts to reach agreements with the Soviet Union to reduce the number of nuclear weapons threatening mankind. Our consultations with Canada on this subject are thorough and frequent. Similarly, our cooperation and coordination in the fight against international terrorism stand as examples to the rest of the world.

Our record on the economic front is similarly impressive. Canada and the United States, emphasizing deregulation and invigoration of our private sectors, have recorded two of the best rates of

economic growth and job creation among industrialized nations during this expansion.

When it comes to economics and trade, Canada and the United States speak as partners. A full one-fifth of our foreign trade is with Canada. We are each other's largest trading partners. In fact, we have more trade with the Canadian Province of Ontario than with any other foreign nation.

Our economic relationship may already be the largest and most dynamic in the world, and we're working to make it even better. Our goal is a free trade agreement that will remove tariffs and nontariff barriers between us. Spurring U.S.-Canadian trade and investment will improve our economies and strengthen our competitive ability in world markets. Although much hard bargaining lies ahead, we are optimistic that a comprehensive plan, mutually beneficial and advantageous to both sides, can be hammered out this year.

Canada and the United States, as you see, share much more than a common border; we share a democratic tradition, and we share the hopes, dreams, and aspirations of free people. When I arrive in Canada tomorrow, I will take the best wishes of the people of the United States to our good friends the people of Canada.

DINNER TOAST, APR. 5, 1987³

It's always a great pleasure to join old friends again. And just as delightful, it's exhilarating to celebrate the stirrings of spring with a visit to your lovely country, as I did in 1981 and 1985. I'm looking forward to returning again next spring for the economic summit that Canada will host in 1988.



President and Mrs. Reagan with (from right to left) Prime Minister Mulroney, Governor General Jeanne Sauve, Mrs. Mulroney, and Maurice Sauve.

You know, when I started out from Washington, I had the feeling that I was the first political figure this year who left Washington flying north who wasn't going to New Hampshire. [Laughter] The truth is, I feel an extra kinship with Canada on this trip. For me, too, it was a long winter. [Laughter]

It's commonplace at gatherings such as this to reflect on our similarities, of all that we share together. Surely one such experience is that of a sense of great adventure, of opening a new land, of beginning anew and for the good of us all. As pioneers of this great continent, the citizens of our two countries have shared, and continue to share, a faith in progress, a belief in cooperation and

hard work, and a vision of a future free of war and want. Ours are optimistic people, ingrained with the confidence that no problem is insoluble. Together, we faced the ultimate challenge to peace and freedom during the two great world conflicts of this century. Today, in NATO and in NORAD and in our consultation at the economic summit, the G-7, the United Nations, and a host of other cooperative endeavors, we continue to stand together for freedom and democracy and for the economic advancement of mankind.

Just as the frontier once stretched before the trappers and frontiersmen who surveyed and opened the North American Continent, today we face

challenges that require courage, commitment, good sense, and intellect. As we hurtle toward the 21st century, we're confident that the future is on the side of the free and that, with God's grace, the greatest days of Canada and the United States are still ahead.

Economic challenges are, of course, always present. Prosperity, economic advancement, improving the lot of large numbers of people is no easy task. Critical choices will determine if our children and grandchildren are to live well and possess the same opportunity we've enjoyed. It comes down to this: How can Canada and the United States, mature industrial powers, best meet the competition and remain the business, commercial, and industrial leaders of the 21st century?

Mr. Prime Minister, your proposal that we cooperate, that we combine and draw upon the collective energy of two economies, was bold and farsighted. It has opened a historic prospect. Setting the goals, however, is easier than achieving them. Our intense negotiations to bring a comprehensive free trade agreement into being certainly suggest this. There is still much hard bargaining ahead, yet let us not lose sight of the grandeur of what we seek. We remain hopeful that we can conclude an agreement this year. And if we do, it will be an agreement that will promote the economic prosperity of both countries—fair, equitable, and mutually beneficial.

This trade agreement will send a number of messages. First and foremost, it is a resounding "no" to those who would stand pat, to the naysayers, and to the fearful who advocate protectionist barriers. It is a resounding vote of confidence in our own abilities to meet world competition with an unleashed ingenuity, which is prized on both sides of the 49th parallel.

It's an exciting idea, and it's a real possibility within our reach. It can reinforce the already impressive strength of our economic relationship. The free flow of goods, services, and investment will be an impetus to sustained economic growth, a trump card in resolving the economic difficulties of today. So, let's look forward to the day when our California wines, toasted the world over, are available throughout Canada without hindrance for your dining delight [laughter] just as Molson's Ale is

(White House photo by Pete Souza)



FEATURE Canada

available to every American table. The children of today will enjoy the fruits of our labor in many ways, not the least of which is strengthening the enduring ties between our peoples.

ADDRESS BEFORE PARLIAMENT, APR. 6, 1987⁴

It's a great honor to speak to you today. As you know, this is my third official visit to Canada. My last two were the first foreign trips I'd taken after each election, but our constitutional prohibitions being what they are, I thought it wasn't wise to wait for another election before visiting you again. [Laughter] I also wanted to time this trip after March so people wouldn't think that these state visits were just an excuse for Prime Minister Mulroney and me to celebrate St. Patrick's Day together. [Laughter]

On each of these occasions, I have been struck by how much our two nations have in common. Despite our many important differences, you see the similarities of our national characters in, among other things, the sports we share: hockey, baseball, football—with some modifications [laughter]—and that fourth sport, which seems to be as popular on both sides of the 49th parallel, giving a hard time to political leaders of Irish descent. [Laughter]

It's truly an honor to have a second opportunity to address this august body, this great democratic legislature that has been witness to and shaper of so much of the history of freedom. I remember those days not so very long after the attack on Pearl Harbor had once again united our two nations in a world conflict, when Winston Churchill stood where I am standing today. Wake Island had fallen just a week before. On Christmas Day, after an heroic defense by Canadian troops, Hong Kong was captured by the Axis. Manila was soon to be swallowed up as well. But those who might have been expecting a picture of democracy in retreat got something very different from that indomitable spirit. "We have not journeyed all this way across the centuries," he said, "across the oceans, across the mountains, across the prairies, because we're made of sugar candy." Churchill was speaking of the members of the British

Commonwealth, most specifically of the people of Canada, but I confess we Americans have always flattered ourselves that, though the thought was unspoken, he had us in mind, too. [Laughter]

As two proud and independent peoples, there is much that distinguishes us one from the other, but there is also much that we share: a vast continent, with its common hardships and uncommon duties; generations of mutual respect and support; and an abiding friendship that grows ever stronger. We

are two nations, each built by immigrant refugees from tyranny and want, pioneers of a new land of liberty. The first settlers of this new world, alone before the majesty of nature, alone before God, must have been thrown back on first principles, must have realized that it was only in their most basic values that they would find the wisdom to endure and the strength to triumph. And so, a dedication was formed, as hard as the granite of the Rockies, a dedication to freedom, a commitment to those unalienable human rights and their



(White House photo by Terry Arthur)

President Reagan addressing Parliament.

only possible guarantee: the institutions of democratic government.

A shared history, yes, but more than that, a shared purpose. It must have seemed to Churchill, besieged and isolated as he was in the one corner of Europe still clinging to freedom, and this American continent and his two great friends and onetime colonies had been placed here by a wise and prescient God, protected between two vast oceans, to keep freedom safe.

In the crisis of the moment, Churchill said it was not then time to "speak of the hopes of the future, or the broader world which lies beyond our struggles and our victory." "We must first," he said, "win that world for our children." In a very real sense, that is still our imperative today: to win the world for our children, to win it for freedom. Today our task is not merely the survival of liberty but to keep the peace while we extend liberty to a world desperately in need. Today we still contend against war, against a foreign expansionism, and I will speak to that in a moment. But I wish first to talk about a second struggle, one that must occupy an equal place in our attentions: the struggle against the plagues of poverty and underdevelopment that still ravage so much of mankind.

Economic Freedoms and Fair Trade

Our two nations have committed many resources to that struggle, but we have it within our power at this moment to take a historic step toward a growing world economy and an expanding cycle of prosperity that reaches beyond the industrialized powers even to the developing nations. We can lead, first, by our powerful example, specifically by the example of Prime Minister Mulroney's farsighted proposal to establish a free trade agreement that would eliminate most remaining trade barriers between Canada and the United States.

After the Allied victory over the Axis Powers, America and Canada combined their efforts to help restore Europe to economic health. Those were golden years of international economic cooperation that saw the creation of GATT [General Agreement on Tariffs and Trade], which knocked down the tariff barriers that had so damaged the

world economy; the International Monetary Fund; and 30 years ago last month, the creation of the Common Market. The theme that ran through it all was free and fair trade. Free and fair trade was the lifeblood of a reinvigorated Europe, a revitalized free world that saw a generation of growth unparalleled in history.

We must keep these principles fixed in our minds as we move forward on Prime Minister Mulroney's free trade proposal, a proposal that I'm convinced will prove no less historic. Already our two nations generate the world's largest volume of trade. The United States trades more with the Province of Ontario alone than with Japan. United States citizens are by far the principal foreign investors in Canada, and Canadians on a per capita basis are even greater investors in our country. This two-way traffic in trade and investment has helped to create new jobs by the millions, expand opportunity for both our peoples, and augment the prosperity of both our nations.

Prime Minister Mulroney's proposal would establish the largest free trade area in the world, benefiting not only our two countries but setting an example of cooperation to all nations that now wrestle against the siren temptation of protectionism. To those who would hunker down behind barriers to fight a destructive and self-defeating round of trade battles, Canada and the United States will show the positive way. We will overcome the impulse of economic isolationism with a brotherly embrace, an embrace, it is not too much to hope, that may someday extend throughout the Americas and ultimately encompass all free nations.

We can look forward to the day when the free flow of trade, from the southern reaches of Tierra del Fuego to the northern outposts of the Arctic Circle, unites the people of the Western Hemisphere in a bond of mutually beneficial exchange, when all borders become what the U.S.-Canadian border so long has been: a meeting place, rather than a dividing line.

We recognize that the issues facing us are many and difficult. And just as this proud Parliament is watching our negotiations, so, too, is the U.S. Congress. A comprehensive, balanced agreement that provides open trade and

investment on a comprehensive basis, an agreement in which both sides are winners—that is our goal.

Augmenting the spirit of the Uruguay trade negotiations, prelude to our economic summit in Venice this June, our free trade discussions here will be a model of cooperation to the world. This will be a pioneering agreement worthy of a pioneering people, a visionary strategy worthy of the elected head of one of the world's greatest democracies. Mr. Prime Minister, we salute you, and I pledge to you now that, for our part, we shall commit ourselves and the resources of our Administration to good faith negotiations that will make this visionary proposal a reality. And on this, the Canadian people and the Members of Parliament have my word.

Freedom works. The democratic freedoms that secure the God-given rights of man, and the economic freedoms that open the door to prosperity—they are the hope and, we trust, the destiny of mankind. If free trade is the lifeblood, free enterprise is the heart of prosperity. Jobs, rising incomes, opportunity—they must be created, day to day, through the enterprise of free men and women. We've had to learn and relearn this lesson in this century. In my own country, we have witnessed an expansion and strengthening of many of our civil liberties, but too often we have seen our economic liberties neglected, even abused. We have protected the freedom of expression of the author, as we should; but what of the freedom of expression of the entrepreneur, whose pen and paper are capital and whose profits and whose literature is the heroic epic of free enterprise, a tale of creativity and invention that not only delights the mind but has improved the condition of man, feeding the poor with new grains, bringing hope to the ailing with new cures, vanquishing ignorance with wondrous new information technologies.

In the United States we have found a new consensus among members of both parties in a reformed tax structure that lowers tax rates and frees the spirit of enterprise of our people. Today that consensus is broadening as your great free-market nation seeks to back the first principles of economic growth through rate-reducing tax reform. We've seen movements in Germany and Japan,



FEATURE Canada



(White House photo by Terry Arthur)

President Reagan and Secretary Shultz meeting with Prime Minister Mulroney and Secretary of State for External Affairs Joseph Clark.

as well, to cut tax rates. But this must be only the beginning, for what is simply beneficial to us is a matter of the most dire necessity to the nations and peoples of the developing world. And this is the second great example that, together, we offer to the nations of the world in desperate economic need. For the poorer, the more desperate their condition, the more urgently they need the growth that only economic freedom can bring.

We have seen time and time again the healing, invigorating effects of economic freedom. Tax rate cuts lifted both Germany and Japan out of postwar stagnation and into the forefront of the world economy. Low tax rates catapulted the nations of the Pacific Basin out of the Third World, making them major economic partners today.

A recent study prepared for our government found a direct relationship between the high tax rates and other statist policies of many underdeveloped countries and a cycle of deepening poverty and despair. On the other hand, the study found that countries with low tax rates and free market policies are among the fastest growing in the world, providing improved living standards and increased opportunity for all their people.

Foreign Aid and Arms Control

We apply the principles of economic freedom at home; we should not export central planning and statist economics abroad. When the Holy Father came to this country, he spoke of the moral obligation of the wealthier nations to share with those less fortunate. Well, it's time to take up that challenge. Both our

countries have been generous donors of foreign aid, and that's important. But our own experience, the experience of this century, has shown that the only effective way to share prosperity is to share the conditions that generate prosperity. History has proven beyond a shadow of a doubt that statism spreads poverty; it is only freedom that begets wealth. And free markets, low tax rates, free trade—this is the most valuable foreign aid we can give to the developing nations of the Third World. These are the weapons of peace we must deploy in the struggle to win a future of liberty for mankind. So many have come to Canada and the United States in hope; let us now give that hope to the world.

Throughout our history, our two nations have keenly felt our international responsibilities. Instrumental in founding and maintaining the NATO

Canada—A Profile



Geography

Area: 9.92 million sq. km. (3.8 million sq. mi.); second largest country in the world. **Cities:** *Capital*—Ottawa (pop. 740,000). *Other cities*—Toronto (3.1 million), Montreal (2.9 million), Vancouver (1.3 million). **Terrain:** Varied. **Climate:** Temperate to arctic.

People

Nationality: *Noun and adjective*—Canadian(s). **Population** (1986): 25.5 million. **Annual growth rate** (1975–86): 1.2%. **Ethnic groups:** British 40%, French 27%, other European 23%, indigenous Indian and Eskimo 1.7%. **Religions:** Roman Catholic 46%, United Church 18%, Anglican 12%. **Languages:** English, French. **Education:** *Literacy*—99%. **Health:** *Infant mortality rate*—15/1,000 (US = 11.2/1,000). *Life expectancy*—69 yrs. males, 76 yrs. females. **Work force** (12.9 million, 1986): *Agriculture*—3.5%. *Industry and commerce*—52%. *Services*—28.4%. *Government*—5.9%.

Government

Type: Confederation with parliamentary democracy. **Independence:** July 1, 1867. **Constitution:** Amended British North America Act patriated to Canada in 1982, charter of rights and unwritten custom.

Branches: *Executive*—Queen Elizabeth II (chief of state, represented by a governor general), prime minister (head of government), Cabinet. *Legislative*—bicameral Parliament (104-member Senate, 282-member

House of Commons). *Judicial*—Supreme Court.

Political parties: Progressive Conservative, Liberal, New Democratic, Social Credit. **Suffrage:** Universal over 18.

Federal government budget (FY 1986–87): \$84 billion.

Defense: 2% of GNP.

Subdivisions: 10 provinces, 2 territories.

Flag: A red maple leaf on a white background flanked by vertical red bands.

Economy

GNP (1986): \$367.2 billion. **Annual real GNP growth rate** (1986 est.): 3.3%. **Per capita GNP** (1984 est.): \$13,000.

Natural resources: Metals and minerals, fish, forests, wildlife.

Agriculture: *Products*—wheat, livestock and meat, feedgrains, oilseeds, dairy products, tobacco, fruits, vegetables.

Industry: *Types*—motor vehicles and parts, fish and forest products, petroleum and natural gas, telecommunications, processed and unprocessed minerals.

Trade (1986): *Exports*—\$87.1 billion: motor vehicles and parts, lumber, woodpulp and newsprint, crude and fabricated metals, natural gas, crude petroleum, wheat. *Partners*—US 78%, EC 8.7%, Japan 5%. *Imports*—\$79.2 billion: motor vehicles and parts, industrial machinery, crude petroleum, chemicals, agricultural machinery. *Partners*—US 72%, EC 8%, Japan 6%.

Official exchange rate (floating, avg. 1986): C\$1 = US\$0.72.

Fiscal year: April 1–March 31.

Development assistance (FY 1986–87): \$1.62 billion or 0.45% of GDP.

Membership in International Organizations

UN and some of its specialized and related agencies, NATO, Organization for Economic Cooperation and Development (OECD), Commonwealth, Agency for Cultural and Technical Cooperation, International Energy Agency (IEA), INTELSAT.

Taken from the *Background Notes* of March 1987, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams.

alliance, through cooperative efforts in NORAD, Canada has taken a leading role in defense of the free world. And meanwhile, we have cooperated in extending every effort to lessen the dangers of a nuclear-armed world.

Over the past 6 years, the United States, working closely with Canada and our other allies, has sought to achieve deep reductions in Soviet and American nuclear arms. Thanks to the firmness shown by the alliance, we are moving toward a breakthrough agreement that would dramatically reduce an entire class of weapons: American and Soviet longer range, intermediate-range [nuclear force], INF, missiles in Europe and Asia.

We've traveled far to get here, from past treaties that only codified the nuclear buildup to the point where we may soon see the dismantling of thousands of these agents of annihilation. We're hopeful, we're expectant, but we face many difficulties still. As our negotiators continue to work toward a sound agreement, we are not going to abandon our basic principles of our allies' interests for the sake of a quick fix, an inadequate accord. We will work for truly verifiable reductions that strengthen the security of our friends and allies in both Europe and Asia and that cannot be circumvented by any imbalance in shorter range INF systems. In short, America will stand where it has always stood: with its allies in defense of freedom and the cause of peace.

We must continue to keep in mind, as well, that a major impetus of our reduction talks has been the growing reality of our Strategic Defense Initiative. SDI supports and advances the objectives of arms control offering a more stable and secure environment as we pursue our goal of deep reductions in nuclear weapons. We must move away from a situation of mutual assured destruction—so aptly called MAD, the MAD policy. We need defensive systems that threaten no one, that would save human lives instead of targeting them.

We must remember that the Soviet Union has spent 15 times as much on strategic defenses as we have over the last 10 years, while their record of compliance with existing arms treaties continues to be a cause for concern. Most



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people do not understand that mutual assured destruction has left our populations absolutely defenseless. This is an intolerable situation. The truly moral course is to move forward quickly with a new strategy of peace based not on the ability to threaten lives but on our own confidence that we can save them. Let us choose a defense that truly defends.

The Soviet Union and Human Rights

As we've pursued better relations with the Soviet Union, we have labored to deal realistically with the basic issues that divide that nation from the free world. Our insistence that the Soviet Union adhere to its Helsinki human rights agreement is not just a moral imperative; we know that no nation can truly be at peace with its neighbors if it is not at peace with its own people.

In recent months we have heard hopeful talk of change in Moscow, of a new openness. Some political prisoners have been released. The BBC [British Broadcasting Corporation] is no longer jammed. We welcome these positive signs and hope that they're only the first steps toward a true liberalization of Soviet society.

To the extent that the Soviet Union truly opens its society, its economy and the life of its people will improve. To that extent, we may hope its aggression will diminish. Disappointingly, however, there so far has been little movement on the Soviet side toward the peaceful settlement of regional conflicts that today are flaring across the globe. Despite announcements of cease-fires and talk of national reconciliation, the Soviets' terrible war against Afghanistan remains unabated, and Soviet attacks on neighboring Pakistan have escalated dangerously. In Cambodia, Ethiopia, and Angola, the Soviet Union continues to support brutal wars of communist governments against their own people. In Nicaragua we see such a campaign on our own shores, threatening destabilization throughout Central America—this is not just a question of self-protection; the higher principle is that the people of Nicaragua have the right to decide their own future.

The surest sign that the Soviet Union truly wants better relations, that it truly wants peace, would be to end its

global strategy to impose one-party dictatorships, allow the people of this world to determine their own futures in liberty and in peace. We have known that when people are given the opportunity to choose, they choose freedom.

Truly, the future belongs to the free. In our own hemisphere, we've seen a freedom tide sweep over South and Central America. Six years ago only 30% of the people of Latin America lived in democracies; today over 90% do. Around the world resistance movements are rising up to throw off the totalitarian yoke. Even in China, they debate the pace of reform but acknowledge its necessity.

U.S.-Canada Relations

On the border between Canada and the United States stands a plaque commemorating over a century and a half of friendship. It calls the border, "a lesson of peace to all nations." And that's what it is: a concrete, living lesson that the path to peace is freedom, that the relations of free peoples—no matter how different, no matter how distinct their national characters—those relations will be marked by admiration, not hostility.

Go stand along the border at the beginning of July. You'll see the maple leaf and the stars and stripes mixed in a swirling cloud of visitors and celebrants. As a Canadian writer once put it: What's the difference between Dominion Day and July Fourth? About 48 hours. [Laughter] Yes, we have differences, disputes, as any two sovereign nations will; but we're always able to work them out, *entre amis* [between friends].

One area of particular concern to all Canadians, I know, is the problem of acid rain. When the Prime Minister and I met in Quebec 2 years ago, we appointed two distinguished envoys, Bill Davis and Drew Lewis, to examine the problem. They issued a joint report, which we have endorsed, and we're actively implementing many of their recommendations.

The first phase of our clean coal technology program is underway, the beginning of a \$6 billion commitment through 1992, and I have asked Congress for the full share of government spending recommended by the envoys, \$2½ billion, for the demonstration of innovative pollution-control technologies over the next 5 years.

Literally thousands of firms and millions of jobs will be affected by whatever steps we take on this problem, so there are no quick and easy answers. But working together, we have made an important start, and I am convinced that, as in the past, our disputes will bring us closer as we find a mutual accord, our differences will become only another occasion for cooperation. Let me assure you that your concerns are my concerns.

I was struck recently by the words of a Canadian—a Hungarian-Canadian you might call him—who came to this country, as so many before him, to escape oppression. "I wanted to stretch," he said. "I needed a place where I could move mountains or carry larger stones than Sisyphus, and here was the place for it—nobody telling me what I'm supposed to believe as a Canadian—gave me a kind of freedom for my mind and my spirit and my creative energies that I had never experienced before in life. And I found that for me anyhow, anything could be possible here." This is your Canada, and our continent. This is the chosen place in history our two nations occupy: a land where the mind and heart of man is free, a land of peace, a land where indeed anything is possible.

Let me add a word, if I can, about our discussions today on two issues of critical interest to our two countries. The Prime Minister and I agreed to consider the Prime Minister's proposal for a bilateral accord on acid rain, building on the tradition of agreements to control pollution of our shared international waters. The Prime Minister and I also had a full discussion of the Arctic waters issue, and he and I agreed to inject new impetus to the discussions already underway. We are determined to find a solution based on mutual respect for sovereignty and our common security and other interests.

¹Texts from Weekly Compilation of Presidential Documents of Apr. 13, 1987.

²Broadcast from the Oval Office at the White House.

³Made in the ballroom at Rideau Hall in response to a toast proposed by Jeanne Sauvé, Governor General of Canada.

⁴Made before a joint session of Parliament in the Speaker's Chamber. ■

Acid Rain

PRESIDENT'S STATEMENT, MAR. 18, 1987¹

I am pleased to announce today several steps being taken to ensure that the United States continues to work closely with the Canadian Government in determining and addressing the environmental effects of acid rain. These actions resulted from a review of this issue I directed my Domestic Policy Council to undertake and are consistent with the recommendations made by the joint envoys on acid rain, Drew Lewis of the United States and William Davis of Canada. Prime Minister Mulroney and I endorsed their recommendations in March 1986.

This past year government-to-government coordination and research cooperation with Canada on acid rain problems have been substantially strengthened, as recommended by the envoys. The Administration also has implemented the initial phase of the Department of Energy clean coal technology program and has completed an inventory of Federal, State, and private clean coal research and demonstration projects, which are expected to expend more than \$6 billion by 1992.

To maintain the progress we are making, I am directing three major steps to continue to carry out the envoy's proposals.

- The first will be to seek the full amount of the government's share of funding recommended by the joint envoys—\$2.5 billion—for demonstration of innovative control technology over a 5-year period. Five hundred million dollars will be requested for fiscal years 1988 and 1989 to fund innovative emissions control projects. I will also encourage industry to invest an equal or greater amount over this period and to stimulate development and deployment of innovative technologies for reduction of air pollution emissions. This builds on activities already underway in the Department of Energy clean coal technology program.

- The second step I am taking is to direct the Secretary of Energy to establish an advisory panel. This panel, which will include participation by State governments and by the Government of Canada, will advise the Secretary of Energy on funding and selection of innovative control technologies projects. Projects will be selected, as fully as practicable, using the criteria recommended by the joint envoys.

- Third, I am asking the Vice President to have the Presidential Task Force on Regulatory Relief, which he chairs, review Federal and State economic and regulatory programs to identify opportunities for addressing environmental concerns under existing laws. The task force will examine incentives and disincentives to the deployment of new emissions control technologies and other

cost-effective, innovative emission reduction measures now inhibited by various Federal, State, and local regulations. The findings and results of the task force review will be reported in 6 months along with any recommendations for changes to existing regulations.

I have advised Prime Minister [Brian] Mulroney of these decisions. Next month I will travel to Canada to discuss these and other issues with the Prime Minister. I feel these steps will help both countries to better understand and address this shared environmental problem, so that future specific actions that are taken will be cost-effective and represent appropriate taxpayer expenditures.

¹Text from Weekly Compilation of Presidential Documents of Mar. 23, 1987. ■

U.S.-Canada Relations

Background

The relationship between Canada and the United States is both productive and complex—more so than our ties to any other country. We share the world's longest land border, as well as its longest water boundary. We each play a distinct but compatible role in world affairs and our security interests are inextricable. We are each other's most important economic partner. With two countries as interdependent as ours, occasional differences naturally arise, but both Prime Minister Mulroney and President Reagan have placed a high priority on maintaining the good relations that now exist. In September 1984, the two agreed to meet annually (this year, April 5–6 in Ottawa), and Cabinet officers were encouraged to talk frequently with their counterparts. Secretary Shultz meets at least four times a year with Canadian Secretary of State for External Affairs Joe Clark.

Quebec and Washington Summits

In March 1985, the President met with the Prime Minister at Quebec City. They discussed bilateral and global concerns

and issued or signed a number of important documents, including declarations on international security and trade relations. They agreed on the modernization of North American air defenses, signed a mutual legal assistance treaty, and exchanged ratifications on a Pacific salmon treaty. They also agreed to appoint special envoys to examine the acid rain issue. During their March 1986 meeting in Washington, the President and Prime Minister signed a 5-year renewal of the North American Aerospace Defense (NORAD) agreement and committed themselves to implementing the acid rain report. They also discussed a number of other bilateral and global issues, thus continuing and intensifying the high-level consultations between our two countries.

Global Interests

Canada and the United States are founding members of the United Nations and the North Atlantic Treaty Organization (NATO). Both countries are active in international affairs and consult extensively on development assistance, arms control efforts, and peacekeeping issues.



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Security Relations

In addition to being NATO allies, the United States and Canada maintain the joint NORAD command. A special arrangement for the development and procurement of defense goods also exists. Our security relationship is coordinated by the Permanent Joint Board on Defense.

Economic Relations

The volume of U.S.-Canadian trade is the largest in the world. Two-way exchanges have tripled from \$39 billion in 1974 to more than \$120 billion in 1986, accounting for about 22% of U.S. trade and more than 75% of Canada's foreign trade. More than one-fifth of our exports go to Canada, one-and-one-half times the total exported to Japan, our next largest customer. Canada is also our largest investment partner. In 1985, U.S. investment in Canada totaled \$44.6 billion, 20% of U.S. investment abroad. Canada's private direct investment in the United States amounted to more than \$16 billion. In 1965, we concluded an automotive agreement providing for duty-free bilateral trade in vehicles and parts. Both countries have realized substantial advantages in investment and employment and in economies of scale. The total exchange for automotive products in 1986 was about \$45 billion.

The United States and Canada have the world's largest bilateral trading relationship, but it may soon be dramatically strengthened. In September 1985, the Prime Minister proposed that the two countries negotiate a comprehensive free trade agreement (FTA). The United States accepted the proposal and negotiations are now underway. The

negotiations are controversial within Canada, and there is particular concern over treatment of Canadian cultural industries, the U.S.-Canada Auto Pact, and subsidies. The negotiations are expected to conclude before the end of 1987.

Energy

At the Quebec summit, both countries declared their intention to strengthen their market approach to bilateral energy trade. Since then both governments have taken steps to fulfill this objective. Canada has removed certain features of its national energy program that discriminated unfairly against U.S. and other foreign investors, while the United States has continued to deregulate its energy markets. Canada is by far our largest supplier of imported energy. In 1986 Canada was our leading source of oil and uranium and accounted for almost all U.S. imports of natural gas and electricity. For the first 9 months of 1986, Canada also was the largest market for U.S. coal exports. The total value of two-way energy trade now exceeds \$10 billion.

Environment

Canada and the United States share a common interest in protecting the North American environment. Environmental cooperation has a long history; the joint cleanup of the Great Lakes following a U.S.-Canada agreement in 1972 is a recent success story. Canadian controls on air pollution and toxic chemicals generally have been less stringent than U.S. regulations, although the Government of Canada has moved to tighten some standards. An important bilateral

issue is acid rain, a form of transboundary air pollution. Canadians fear that acid rain threatens their forests and freshwater streams and have proposed that both countries begin soon to reduce the emissions believed responsible. The United States is continuing to reduce emissions under current laws while devoting large sums (\$85 million in the proposed fiscal year 1986 budget) to intensive research. The special envoys' joint report on acid rain, initiated at Quebec, has been completed and is being implemented.

Maritime Boundary and Fisheries

In October 1984, the International Court of Justice, at the request of the United States and Canada, ruled on the disputed boundary in the Gulf of Maine. The court's ruling settled the boundary, which gave Canada jurisdiction over about one-sixth of the rich Georges Bank fishing grounds. The impact on both countries' east coast fisheries is significant, and we will eventually need to work out a cooperative agreement for managing the fish stocks that cross the boundary and are caught by both countries' fishermen.

Taken from the GIST series of March 1987, published by the Bureau of Public Affairs, Department of State. Editor: Harriet Culley. ■

The Current State of Soviet-American Relations

President Reagan's address before the World Affairs Council in Los Angeles on April 10, 1987.¹

I'm delighted to be here today to talk with you about the current state of Soviet-American relations. But before I do that, I want to say something about the recent disclosures of Soviet espionage against the U.S. Embassy in Moscow. There's no excuse for what they did or for the way security was handled in Moscow.

And now, in response to those who think these recent events throw some new light on Soviet-American relations, I say, "Where have you been?" Anyone familiar with the nature of the Soviet regime, its ideology and intentions, understands that such actions come as no surprise.

From the very first days of this Administration, I have insisted that our relations with the Soviets be based on realism rather than illusion. Indeed, the basis for our foreign policy has been, from the very beginning, an insistence upon enunciating the truth about U.S.-Soviet relations and upon making it clearly understood what we think the Soviets stand for and what we stand for.

Now this may sound obvious, but when we took office in 1981, it was in bad need of restatement. Today, let me state these views and review relations between our two countries.

Progress and Concerns in the Four-Part Agenda

We have adopted a framework for dealing with the Soviets; we have insisted that progress must proceed in four critical areas:

First, the pursuit of verifiable and stabilizing arms reduction with an emphasis on verifiable;

Second, negotiated solutions to regional conflicts;

Third, the advance of human rights; and

Fourth, expanded contacts between our peoples.

This agenda represents a consistent long-term policy reflecting our moral values, our strategic interests, and our commitments to our friends and allies. It's not based on false hopes or wishful thinking about the Soviets; it's based on

a candid assessment of Soviet actions and long-term understanding of their intentions.

I can report that in some areas of this four-part agenda we have seen movement and progress. Take arms reduction: at our two meetings—our fireside summit in Geneva and our Hofdi House discussions in Reykjavik—Mr. Gorbachev and I took some significant steps forward. We cleared away obstacles and came closer to historic agreements on reducing strategic nuclear weapons and intermediate-range nuclear missiles. In the months that followed Reykjavik, progress was slower than I had hoped, but in recent weeks the Soviets have shown new seriousness. A breakthrough in the talks on intermediate-range missiles is now a distinct possibility.

Then there is human rights. Here, too, we see some positive developments. Andrey Sakharov has been released from internal exile and allowed to speak his mind. Some political prisoners have been released. Emigration figures for March and April so far are up. There is talk of changes in Soviet laws. There is talk of a less centralized approach to the Soviet economy, giving more scope to individual initiative. We'll see if these talks amount to anything.

In the area of bilateral exchanges, we have reached agreement on expanded Soviet-American contacts. Cultural, scientific, and civilian exchange programs have shown a dramatic increase since Geneva.

But to cite all this is not to be unrealistic or to lose the wider context. Serious issues remain. For example, in arms negotiations, verification remains a critical problem because of the poor record of their compliance with previous agreements.

Nor have the Soviets abandoned their basic strategy of trying to use these negotiations to divide our allies and friends in Europe and Asia from the United States. Our allies' concerns are central. We cannot permit the benefit of the reduction in longer range INF [intermediate-range nuclear forces] missiles, for example, to be undermined or circumvented by a continuing imbalance in shorter range INF missiles, in which the Soviets have a huge advantage. Let me say again: the United States will continue to consult closely with its allies,

and we will not sacrifice their vital interests just to sign an agreement.

Unfortunately, too, the Soviets are still trying to stifle the Strategic Defense Initiative (SDI). I've made some very forthcoming proposals about not deploying strategic defenses for a period of time—while we and the Soviets negotiate on a cooperative transition to a new kind of strategic balance, one that deters by protecting human lives instead of threatening them.

Mr. Gorbachev himself recently criticized the balance of terror as a strategy for keeping the peace and urged that nuclear doctrines become truly defensive. Well, I agree with him. Peace based on strategic defenses that can absorb and blunt an attack, coupled with radical reductions in offensive missiles—that is the safest course of all.

As I said after our Geneva summit, meetings between our leaders are not a favor that one side does for the other. But they can be helpful. And in this connection, my invitation to Mr. Gorbachev to come to America still stands. The welcome mat is still out.

In the human rights area, too, our concerns are profound. While we welcome the resolution of some celebrated individual cases, we look for signs that the Soviet Union intends to abide by its commitment to all its citizens under its own laws and the Helsinki accords. A system that keeps Europe artificially divided, that suppresses religion and religious contacts, that still jams radio broadcasts, and that arrests American journalists on trumped-up charges is a problem for other nations. No nation will be at peace with its neighbors if it is not at peace with its own people.

So human rights is not just an "internal" issue. It's truly an issue of peace. Andrey Sakharov said it well. "I am convinced," he said, "that international confidence, mutual understanding, disarmament, and international security are inconceivable without an open society with freedom of information, freedom of conscience, the right to publish, and the right to travel and choose the country in which one wishes to live."

The Threat of Soviet Expansionism

Unfortunately, the news on the one missing item on our agenda is not good.

I refer to the problem of military conflicts in regions of the developing world where the facts of Soviet action are brutal, a danger to peace and our future relations. Despite a claimed desire for peaceful settlement of these conflicts, despite announcements of cease-fires and talk of "national reconciliation," Soviet troops continue to wage a terrible war against the people of Afghanistan.

The military threat to our friend, Pakistan, escalates in a way that carries the risk of larger confrontation. In Ethiopia, Angola, and Cambodia, the Soviet Union continues to support brutal wars of Leninist regimes against their own peoples. In Nicaragua, we see such a campaign on our own shores, threatening destabilization throughout Central America and denying the Nicaraguan people their right to determine their own future.

The world will no longer accept this policy of global expansionism. In the last few years, we've seen a new trend—the spread of democracy from Latin America to the Philippines along with a worldwide revolution in economic thinking—a trend toward political and economic freedom as a means of nurturing economic growth and human progress in the developing world. The United States remains pledged to sustaining this movement toward greater personal liberty and national self-determination and to resisting attempts to reverse it.

Recently, there've been signs that the Soviet Union may be seeking a diplomatic way out of its war in Afghanistan. The Soviet Union should know the United States seeks no strategic advantage in Afghanistan. But it should also know that no political settlement will work unless it removes Soviet troops promptly and completely and allows the Afghan people genuine self-determination. The role of the resistance alliance is growing, and we shall continue to support it. We'll support any just settlement that leads to a truly independent and neutral Afghanistan and that meets the needs of the free Afghan people.

Similarly, Soviet-bloc military and economic assistance to the Sandinista regime in Nicaragua reached an unprecedented billion dollars last year; the quantities and sophistication of weapons deliveries have reached dangerous levels. We have the right—indeed, the obligation—to support our friends in this hemisphere against this blatant intervention. Soviet conduct here will be a litmus test of our relationship.

In Angola, too, we see an escalating Soviet and Cuban military commitment in the vain quest for a military victory. We call for a political solution and for the speedy removal of Fidel Castro's 35,000 Cuban mercenaries from Angola.

Cambodia is another tragic example of aggression and occupation, imposed by Vietnam and backed by the U.S.S.R. The Cambodian people have suffered enough; it's time for genuine self-determination and peace in Cambodia.

The U.S. Agenda

Now, what is our agenda today? Well, let me be very specific.

First, the bleeding wound of Afghanistan must be healed. I challenge the U.S.S.R. to set a date this calendar year when it will begin the withdrawal of Soviet troops on a speedy schedule.

Second, I challenge the Soviets to join us in moving ahead on an intermediate-range nuclear missile agreement that enhances overall security and military stability. The issues of verification and shorter range INF systems must be resolved in a way that protects allied security interests.

Third, I challenge them to join us in a mutual 50% cut in our strategic nuclear arsenals in a way that strengthens stability. Our SDI program should not stand in the way of such a cut any more than the longstanding Soviet strategic defense programs stand in the way.

Fourth, I challenge the Soviets to join us in seeking a safer strategic balance by relying less on mutual offensive threats and more on defensive systems that threaten no one.

And finally, it's time to resolve the issue of emigration—decisively. It's time for substantially liberalized emigration policies and broader freedoms for those Jews, Christians, and people of other faiths who choose to stay in the Soviet Union. And if this happens, we'll respond.

If I had to characterize U.S.-Soviet relations in one word, it would be this—proceeding. No great cause for excitement, no great cause for alarm. And perhaps this is the way relations with one's adversaries should be characterized. We have hopes, and we have determination, and we are proceeding. To keep that process moving, I have instructed Secretary of State George Shultz to go to Moscow to discuss a full range of issues between our two countries.

Candor and Realism

You know, when I look over the past 6 years of Soviet-American relations, I'm reminded of something Harry Truman said when someone said to him, "Give them hell, Harry," and he said, "I have never deliberately given anybody hell. I just tell them the truth and they think it's hell."

When the United States rebuilt its alliances and military strength and stood firm with the Soviets, some found this provocative. When the United States made substantive arms proposals, others said our refusal to instantly forsake them showed intransigence. And when the United States spoke for freedom and the conscience of mankind in the face of totalitarian aggression or human rights abuses, some criticized such affirmations as jeopardizing delicate negotiations. When we made clear our position on SDI and held to it at Reykjavik, there were those who feared the end of arms reduction efforts.

Well, what I think we've been taught by the last 6 years—what I think we need to remember now—is that establishing an environment where tensions are lessened demands realism and a willingness to stand by our values and commitments in the face of threats, walkouts, and woeful predictions. We need to remember, too, that voices of panic or accommodation disrupt the careful pursuit of peace when, in their rush to sign an agreement or initial a treaty, they lose sight of justice and world freedom as the goals of American foreign policy.

So, I believe our negotiating progress can be traced to being forthright in our public pronouncements. When I first took office and throughout these 6 years, I have been candid about Soviet ideology and intentions. I did not seek to be unnecessarily antagonistic; only to acknowledge one of history's gravest lessons: that the first object of aggressive powers is to inhibit the will of potential adversaries—to make free nations think that public utterances of the truth or moral protests about aggression are themselves acts of belligerence.

And history teaches that when, in the name of peace, free nations acquiesce to such subtle intimidations, the collapse of their own self-respect and freedom follows closely behind. History so often shows that conflict results from miscalculation by aggressive powers who misjudge the will of democratic nations to resist.

THE SECRETARY

Candor and realism about the Soviets have helped the peace process because it is not only an essential affirmation of our own moral stamina, it's a signal to our Soviet counterparts that any compulsion to exploit Western illusions must be resisted because such illusions no longer exist.

I've often spoken of freedom as the fresh and rising tide of the future. To speak so is not to threaten any people or nation, it is only to renew mankind's most sacred hope and oldest dream: a world where material wants are satisfied, where human freedom is enshrined, and peace and fellowship among nations prevail. Those goals should be celebrated and those truths should be pursued with no apologies to anyone.

I have to close with something I told the young people at Purdue yesterday. It came to me in a letter, and it was a man making the statement that you could go to Japan and live there; you could not become Japanese. You could go to Turkey and live there and not become a Turk; or to Greece and not become a Greek; or to France and not become a Frenchman. But anyone from any corner of the world can come to America and become an American. And it's time perhaps we all understood it.

¹Text from Weekly Compilation of Presidential Documents of Apr. 20, 1987. ■

Secretary's Trip to Helsinki, Moscow, and Brussels

Secretary Shultz departed Washington, D.C., April 11, 1987, to visit Helsinki (April 12-13), Moscow (April 13-15) where he met with Soviet leaders, and Brussels (April 15-16) to brief the North Atlantic Council. He returned to the United States April 16.

Following are the Secretary's news conferences in Moscow, Brussels, and Santa Barbara (Calif.); his interview on Soviet television conducted by Valentin Zorin; a statement by NATO; and two statements by the President.

SECRETARY'S NEWS CONFERENCE, MOSCOW, APR. 15, 1987¹

I've had 3 full, productive days of work here in the Soviet Union, and I want to thank my hosts for their hospitality.

No sooner had I arrived than we were immediately in meetings with Foreign Minister Shevardnadze that went through the full day on Monday. I had the great privilege of attending a seder at the American Ambassador's residence Monday night, and then further negotiations with Mr. Shevardnadze.

On Tuesday I had a most interesting session with Premier Ryzhkov, at which we discussed economic matters in a very interesting way, and then in the afternoon a lengthy session with General Secretary Gorbachev where we ranged over the full scope of issues and, I believe, moved the ball along somewhat on some important matters.

Foreign Minister Shevardnadze and I met again last night where we concentrated on regional issues. This morning I had the privilege, in Peredelkino, of visiting an extraordinary orthodox church and being able to take part for a moment in services connected with Holy Week. And I was able to visit the gravesite of Mr. Pasternak and have a couple of hours of very interesting discussion with six individuals—poets, writers, a sculptor—with the hospitality of Mrs. Boguslovskaya. That was an extraordinarily interesting discussion for me, as it gave some immediate reality to the concept of *glasnost*.

Then, we have finished up with some summary meetings this afternoon with Foreign Minister Shevardnadze and ended our meetings with the signing of an agreement on space cooperation. This

was an agreement that had been worked out some months ago, and we took the occasion of these meetings to sign it.

Throughout these meetings, we have touched on practically all of the issues and potential opportunities that our countries face together. We discussed the very troubling intelligence issues that have been given so much publicity lately and on which we have strong feelings that I expressed.

As I said, I had some good discussions of economic matters and some of the new thinking that I was told about—"perestroyka," I guess, is the word that goes with this. We had a good review of many of the bilateral issues that we have discussed and, on the whole, quite successfully.

I've had good, strong discussions on subjects involving human rights and, of course, have had an opportunity to meet a number of people who are, in one way or another, affected directly by Soviet policies in this regard. I was pleased to receive information this afternoon from Mr. Shevardnadze about a number of cases that have been favorably resolved. We discussed regional issues, as I mentioned, and, of course, a variety of matters having to do with arms control.

Let me review very briefly where we stand on some of the leading issues of arms control.

First, on the subject that we call INF [intermediate-range nuclear forces] negotiations—the Soviets refer to it as medium-range missiles—I think we made quite a lot of progress; and perhaps we can see the prospect, with some hard negotiations ahead—but nevertheless the prospect close to hand—of reaching an agreement in that area. The basic structure of that agreement would be, first, the Reykjavik formula of 100 long-range warheads on each side, to be deployed on the Soviet side in Asia and on the U.S. side in the United States. I might say that we continue to advocate the complete elimination of these weapons, but if the Soviet side doesn't agree to their elimination, we will still agree to 100.

We have narrowed down the timeframe for this reduction as somewhere in the 4-5 year range. We both agreed that these agreements must contain provisions for very strict and intrusive verification. The U.S. side has tabled, in the form of a draft treaty, our ideas on this subject in Geneva. We were

told here that the Soviets agree on the importance of strict verification and that they will bring us their ideas when we return to Geneva, which will be April 23, for the INF negotiations.

An issue of importance—as yet unresolved but on which we made considerable progress in my opinion—involves what we refer to as short-range INF (SRINF) missiles—the two weapons systems that are involved there. We agreed that there will be limits on the numbers of these weapons. We agreed that whatever limits there are, the only workable concept is a global concept, since these weapons are very mobile—can be transported easily—so you have to put it in global terms.

The principle of equality is one that governs our relationship, and we believe it must govern in this field as well. If we can settle all of the issues in the present negotiations, well and good; and we intend to give this matter a first priority as we return on April 23 to the discussions in Geneva.

The Soviet side has told us that they intend, upon the signing of an INF agreement, to take the missiles they now have stationed in the German Democratic Republic and Czechoslovakia out and destroy them, and that in the negotiations over the remaining missiles, they will take the position that the right equal number should be zero. This is a new proposal, and this afternoon they added to it “zero to be accomplished within a year.”

We are a member of a strong alliance; and on matters of this importance, of course, we don't respond immediately—we consult carefully with our allies—and I will start that process tomorrow in Brussels. But I think, in summary, I can say that very considerable headway has been made, and it should be possible to work out an agreement in this field with hard work and creative effort.

I can't say the same insofar as headway in the fields of strategic arms and space, but it, nevertheless, is worth recording where we do stand insofar as basic ideas are concerned. We agree on the general idea of a 50% reduction in strategic arms. That in itself would be a magnificent accomplishment. We agree on the fundamental numbers involved in that—this is the Reykjavik formula—no more than 6,000 warheads and 1,600 launchers.

We agree that we will look for some mutually satisfactory means to cover sea-launched cruise missiles. We agree on a heavy-bomber counting rule. We agree that the verification regime must

be a very strong and intrusive one. I'm sure our experience in negotiating in the INF area will be an important guide in looking at verification in the strategic field. And we agree on a cutting in half—a reduction to 1,500—of the so-called heavy ICBMs [intercontinental ballistic missiles]. So there are many areas left to agree on.

The U.S. side believes that there are certain incremental numbers beneath these totals that, in one way or another, bear resemblance to the way these four structures should come down—we've called them sublimits—and we have had them under discussion continuously, and we will continue to push various sublimits as these are needed to give real meaning to this treaty. There are many other items that could be talked about, but I think those are the principal ones.

In the field of space, we have not made very much progress. On the other hand, we have very strong and forthcoming negotiations taking place. I suppose the one basic idea that is in play is the general notion of a period of non-withdrawal from the Antiballistic Missile (ABM) Treaty. As far as the United States is concerned, President Reagan's view is that the research on strategic defense which we are undertaking is, of course, being done in accordance with the ABM Treaty, and we don't seek to have that treaty changed in any way. We think the research can be conducted in a fully consistent manner with it.

We had some interesting discussion in the field of nuclear testing about various means by which the existence and size of a test might be better estimated and verified. We have put forward the method known as the CORTEX method. The Soviets—Mr. Shevardnadze—said that they thought a method known as the “seismic” method might be better.

As you may know, we have had discussions of experts going on in the field of nuclear testing. We've agreed to continue those talks and to instruct the experts to pick up on the discussion that Mr. Shevardnadze and I had about these various possible ways of improving verification and to work out some means of developing additional verification measures. We think that would be a constructive thing to do.

We've also had some discussion in the field of chemical weapons. We agree on the importance of reaching a verifiable, comprehensive ban on chemical weapons. We have some differences of view on the matter of verification, which must be a strong one. We did have discussion of the fact that the United States has a chemical

weapons destruction facility, and we noted in General Secretary Gorbachev's speech last Friday a mention of such a facility in the Soviet Union. And so Foreign Minister Shevardnadze and I agreed that we would have experts visit each other's respective sites and observe the destruction process as one step in the direction of moving forward on this matter.

One other area I might mention is the area of nuclear-risk reduction centers. This is a subject that has been under discussion for some time. It involves arrangements whereby we can collaborate to reduce risk in this important field. We've made real headway on it. We will have another round of discussions shortly, and we think it is altogether probable that agreement can be reached in that meeting.

So you can see that our discussions were quite wide-ranging; that progress was made in some important areas, although not all, and, of course, we will continue to push these areas and work on them in the various fora where we meet regularly.

Q. Can you tell us what [inaudible]?

A. We have to nail down the short-range subject, and I described where we are on that. We made quite a lot of progress, but we still have to do that. We have tabled a strong verification regime in detail in the form of a draft treaty, and the Soviets have yet to respond to that, beyond saying that they agree that it must be a strong regime. But they have promised us their reactions when our negotiations start in Geneva. So whether that will turn out to be an area of difference or not, I can't say.

There are a variety of issues that are in some ways somewhat technical—that is, if you're going to reduce from unequal levels over a period of a certain limit of time, what is the phasing and way that's worked out. But I don't want to try to go into that here. That's for the negotiators to work out.

Of course, we continue to think that for a great variety of reasons, it would be better to go all the way to zero on long-range INF missiles—just eliminate this class of missile entirely—and the Soviets prefer to stay at 100, which is where we'll be if that's where we end up.

Q. But we do want to negotiate [inaudible]?

A. Yes. Ambassador Nitze [Paul H. Nitze, special adviser to the President and the Secretary of State on arms control matters] reminds me that, of course, as I said earlier, on the subject of short-range INF issues, the Soviets tabled a

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new proposal during my meeting. It is of such a nature that obviously I will want to consult with our allies about that, and I will be in Brussels tomorrow morning.

Q. When Mrs. Thatcher was here and certainly since then, she had made very explicit, both publicly and privately, that the British do not want a denuclearized Europe, that the British do not want the zero option extended to shorter range INF. The French agree with her both publicly and privately.

Do you expect some leeway as you talk to your NATO allies on this topic, or have you found some flexibility in your discussions with the Soviets and your proposal that they might be willing to agree to limits that are not zero on SRINF?

A. Of course, the Soviets will speak for themselves—I'm reporting to you the results of our meeting—and I will consult with allies, and we will have to consider this new offer. I can't tell you the outcome of that because we haven't had the consultation yet. It's clear that there are a variety of viewpoints, but we will consult and, I'm sure, come to a good conclusion.

Q. Did the Soviet Union elaborate on the reasons to stick to 100 warheads in the Asian part of the Soviet Union?

A. That's a question that you have to ask them. Why do they want to keep them? We'd like to see them eliminated, and we think that there are a variety of reasons to do that, including the concerns of the countries at which they're pointed and including the very considerable impact on the quality of verification that comes from dealing with zero as compared with 100. So there are some strong arguments that can be made.

Nevertheless we struggled with these issues at Reykjavik, and we came to an agreement. We'll stick with that, although our view is that we would be better off at zero.

Q. Did you discuss the possibility of an establishment of a nuclear-free zone in central Europe?

A. The subject of a nuclear-free zone in central Europe was not brought up or discussed. From our standpoint, we think that the subject to work on is reductions in these nuclear weapons and getting the right kind of balance. The problem, of course, is not where they're stationed; it's where they hit. In the President's view—and I judge in the General Secretary's view—the basic point is there are too many of them, and

we should get ourselves engaged in the process of reducing the numbers of nuclear weapons, and that is what we're doing.

Q. Are there circumstances under which, under the new Soviet proposal that you saw today and yesterday, you can foresee the continuation of a flexible response in Europe while the Soviet Union reduces its short-range INF missiles to zero without the NATO alliance converting any of its medium-range LRINF missiles into short-range missiles? Can you see any such circumstances?

A. Of course, the NATO doctrine of flexible response has been around a long time, before there was deployment of the so-called INF missiles, so it will stay. It's a good doctrine and important.

Q. Apart from handing Mr. Gorbachev a letter from the President, did you discuss the prospects of a summit, or is your position still the welcome mat is out and it's up to the Soviets to act on it?

A. There was more discussion of that subject between you and the General Secretary than elsewhere, as you followed the Washington convention of shouting questions at him. I told him he didn't need to answer you, but he did anyway.

Q. He gave us a story for 1 day.

A. The subject was discussed a little bit, but, as you can see, our discussion focused on substance rather than on that meeting. I think it's fair to say that both we and the Soviets have the similar view that such a meeting ought to be associated with some important content and that it ought to be a well-prepared meeting. And so that is the way we approached it.

Q. The TASS statement of Mr. Gorbachev's comments to you yesterday suggested that there was a rather clear Soviet view, or a more detailed Soviet view, upon what would be acceptable research for the SDI [Strategic Defense Initiative] program. Do you find that a hopeful restatement of the Soviet position, and do you think that the Soviet position on SDI has changed at all in the course of your 2 days of talks?

A. We discussed it some. I can't say that our positions changed very much as a result of the discussion.

It is our view that the ABM Treaty sets up certain kinds of activities that the sides can do, and we see no need to change the ABM Treaty. Our program is designed in a way that is fully consistent

with it. Of course, we are examining the treaty carefully as to precisely what it does permit. But, in any case, we are satisfied to stay with the ABM Treaty.

I did come here with some new proposals in the field of space, but, as I say, we didn't get into them in any particular detail.

As you know, in Reykjavik, the President proposed a 10-year non-withdrawal period from the ABM Treaty during which time all ballistic missiles would be eliminated so that at the end of the 10-year period, what it is you're seeking to defend against would have been eliminated and, therefore, what you would need to do would be essentially something much less—an insurance policy.

That proposal was rejected. So we have tried again and come up with another proposal, this time in conjunction with the 50% reductions that we are striving for in strategic arms. We've combined that with a number of other matters to provide a predictable environment. I think that is what the Soviet Union said they wish to have. So we have proposed a nonwithdrawal period of 7 years—that is, to 1994—and we have put forward a number of other things.

We proposed to have an annual exchange of data and plans on what the research plans are for the coming year. We have reiterated our proposal that there be open laboratories so we each know what is going on in a general way. We also reiterated our proposal that any tests to be made in conjunction with research on strategic defense be tests that we each could observe in the other country.

So we have struggled with the Soviet notion that they would like a predictable environment, and those are some of the ingredients of it that we suggested. But, as I say, we didn't really get very far in discussing these subjects.

We have agreed, of course, they are very important subjects. We have extremely competent negotiators in Geneva, and we will pursue the matter very energetically.

Q. Did you discuss the trade restrictions on U.S.-Soviet Union trade? And is the present Administration willing to lift any of those restrictions in the future as hopefully relations will improve?

A. The question of trade restrictions was referred to although not discussed in any great detail. As you know, those restrictions have in them provisions about emigration, and so that is the way in which the subject emerged into our legislation.

Obviously, we're looking very carefully at the interesting developments taking place across the board in various aspects of restructuring Soviet society that Mr. Gorbachev has initiated and described. And we see evidence of increases in immigration they have decided to make. We welcome those moves, and we will be observing them.

The discussions I had with Mr. Ryzhkov dwelled more on the nature of the changes in your manner here of organizing your economy, and I found those very interesting to hear about. We discussed a little bit some thoughts we could share on sort of the world economic outlook, but we didn't have a chance to dig into that in as much detail as either of us would have liked.

Q. The United States claims that the elimination of medium-range Soviet and American missiles in Europe is impossible without simultaneously limiting the Soviet short-range missiles because the Soviet Union would retain a great superiority in tactical missiles. Now the Soviet Union is proposing to radically limit this class of missiles up to their complete elimination. Why can't the United States give an unequivocal yes as an answer to all the Soviet proposals which entirely correspond to preceding proposals to the United States and its allies?

How can you explain that with the readiness expressed by the Soviet Union to eliminate unilaterally and rapidly its tactical missiles in Europe, the United States is insisting on increasing the number of missiles of this class on the European Continent?

A. The answer is very easy and very important. The United States is part of an alliance with a number of countries which are close friends of ours, which share our values, and with which we work to deter any aggression against us.

We take very seriously this alliance. And so whenever a proposal is made, a new proposal—this is a new proposal—we don't just react to it. We try to understand it, and then we go back and we consult with our allies, and we develop a view together of what we should do.

We think that is the right way for allies to behave, and that is why we don't jump at some answer. There are deep issues involved here, and we want to consider them carefully with our allies. We're talking about matters of extraordinary importance. And when we make an undertaking, we will have thought it through, and we will stick with it.

Q. You said that you presented your views forcefully on the subject of espionage. Can you tell us about that discussion? Was there agreement by either side to perhaps not be quite so aggressive by the United States, by the Soviets—either way? What was the discussion like?

A. There was a strong discussion both ways. I presented our views which the President has stated. They presented some views. There is no agreement of any kind.

Of course, it is quite clear, as the President has stated, that in the new building that we are in the process of constructing, in which the Soviet-provided materials, we now find, have a honeycomb of listening devices in them, have to be dealt with before we can finish the building and occupy it. We're considering just how to deal with it. But it's quite obvious that this will take time, and it may be that there will have to be some major structural changes in the building. I don't know the answer to that.

Of course, it will remain the case that until we are able to move into secure quarters, we will not permit the Soviet side to move into their new building in Washington. There has to be equality and reciprocity in this as in all matters.

Let me say, since that is the final question, just one further general observation. It's been a very interesting trip for me. It's quite clear that there are some important changes taking place in the Soviet Union. All of the leaders with whom I spoke described them to me, as did others, and I was glad to have this direct information.

We have many difficulties, our two countries, but we have great responsibilities. And, of course, it is our responsibility to deal in a realistic and direct way with the difficulties but also to have in mind the importance of continuously seeking a more constructive, a more stable relationship in the interests of peace in the world.

**SECRETARY'S INTERVIEW
ON SOVIET TELEVISION,
MOSCOW,
APR. 15, 1987²**

Q. Hello comrades. I want to present to you the Secretary of State of the United States, Mr. George Shultz. These last few days in Moscow, you have conducted important talks with Soviet leaders. My first question: Have these recent talks brought you closer to the attainment of important

agreements including in, to begin with, the area of medium-range missiles?

A. I think the answer is clearly yes. There has been progress, as you suggested. The greatest amount of progress in the field of arms control was with respect to the INF, or medium-range, missiles. And I think that we send our negotiators back to Geneva with a little better chance—perhaps a substantially better chance—of reaching agreement there in the near future. There are a number of other areas where we made some progress.

And, of course, we discussed a broad range of matters from human rights to economic matters to regional disputes, our bilateral issues, our current problems between us in the espionage field, and others. So, we had broad-ranging discussions.

May I say to the Soviet audience, along with this first question, that I am very glad to be here and to be talking with your leadership. President Reagan has sent me here on a mission of peace. The United States wants peace in the world. We want to see a relationship with this great country that can be more constructive, more stable, and one which can contribute to the cause of peace. That is our objective and I'm sure that it is shared.

Q. Thank you. I think that these wishes will be strengthened by concrete steps and, in connection with this, I want to ask you the following question.

The new proposals of the Soviet Union concerning deployed tactical missiles which were made by Mikhail Sergeyevich Gorbachev in Prague and also during your discussions here in Moscow would obligate the Soviet Union to liquidate completely, in a comparatively short time, its deployed tactical missiles in Europe. These would address the fears of those in Washington who looked at the proposals in the American package. This should surely simplify the solution of all problems. Isn't that so?

A. This is an interesting proposal, and, of course, the United States is part of an alliance with our friends in Western Europe, Canada. These are countries with which we share values and with which we stand together as we try to defend our security. So naturally, when a proposal like this comes along that is new and interesting, we consult with our allies rather than react immediately to it. I'd like to pick up on one point, though. As you stated the proposal, it was in terms of the elimination

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of these weapons in Europe. In our view, the kinds of weapons we are talking about are very mobile. You can put them in an airplane and move them around. So the only concept that makes sense is a global concept, because they can be moved. And I believe that one of the things that emerged from our discussions was agreement between ourselves and the Soviets that the global concept was the right one.

Q. As we found out today, during our discussions with you, Mikhail Sergeyevich Gorbachev offered to work out the key positions regarding offensive strategic weapons, the AMB, and nuclear testing, together with the signing of an INF agreement which can be objects for an agreement at the highest level. I understand that you have to discuss these proposals in Washington and to present them to the President of the United States. But all the same, I hope you will forgive my professional curiosity and [let me] ask you what recommendation will you give to the President about this proposal?

A. I say it's very easy. I will give the President the recommendation that follows the instructions he has given me. What the President wants is to see radical reductions in strategic arms. And he and the General Secretary agreed on a formula of a 50% cut. It's complicated to apply that formula. We have already agreed on certain aspects of that application, namely, 6,000 warheads, 1,600 launchers, 1,500 heavy missiles, a bomber counting rule, the importance of a very strict verification regime. We believe that there are a number of other places where it is important to pin down what we call sublimits, but we have had an argument about that with the Soviet leadership.

There are many problems yet to be resolved. But we shouldn't lose sight of the fact that we have agreed on quite a few things as well. We'll continue to work at that. We've brought some new proposals in the space field along, and we'll work at it. I think the thing to do is to put energy as we have in our work in Geneva and to try to move these negotiations along as rapidly as we can. We'll have to see, at any moment in time, where they stand. We did make a little headway in the field of nuclear testing during our negotiations as the Foreign Minister and I exchanged views about the relative merits of the different means of verifying the size of a nuclear test. And we agreed that the experts' meetings which we have had should continue, we agreed to instruct our experts

to look into the relative merits of these means of verification, perhaps conduct some experiments, and try to agree on something. That would be very constructive if that could be done.

Q. It's nice that you are in an optimistic frame of mind and, in connection with this, I want to ask you the following. Speaking recently in Los Angeles, President Reagan emphasized the verification of arms reduction. In connection with this, I want to ask you, is the United States ready [to accept] the all-encompassing forms of verification proposed by Gorbachev during a speech last week in Prague?

A. We are not only ready, we have proposed such means of verification, and I have to say that we have gone beyond the general statement of saying that we want comprehensive and intrusive means, we have spelled out, in detail, in our proposed treaty on intermediate range, or INF, missiles exactly how it would work. And this is a field where, after you have agreed, in a general way, it's the details that count, you have to get really down to the short strokes. And that's what we are trying to do.

Q. I want to be frank with you and to tell you that the Soviet public has the impression that Washington, little by little, not publicizing it, in a number of issues, is trying to dismantle certain agreements reached in Reykjavik. In particular, this has to do with the ABM agreements. Over the last 15 years, one Administration after another found it in their interests to follow the terms of the agreement, and now certain lawyers of your agency have looked at it from the broad interpretation of the agreement, an interpretation which actually leads us to no agreement.

A. First of all, unfortunately, there was no agreement in Reykjavik in this important area, but there was progress. But in the end, there wasn't any agreement, and among the reasons was that the President felt, and I agreed with him, that the proposals on the Soviet side about restrictions on research to find out whether we can't defend ourselves against ballistic missiles. Certainly we all would want to do that if we could, but the proposals they made would so confine the research that it would cripple the program and those proposals were proposals, in effect, to change the idea of the treaty. We think the ABM Treaty is satisfactory, and our program is designed fully in accordance with it. You're right that we are studying the treaty very carefully so that we can determine, on a carefully studied

basis, exactly what it does say. And there is some controversy about it. But we are working it through carefully and going to reexamine by experts, by senators, by congressmen, and, of course, the President.

Q. I know that in the Senate they are carefully studying this, and I read an 88-page report written by a respected expert, such as Senator Sam Nunn, who confirms the existing interpretations, and now the so-called broad interpretation. The same has been said by six previous Secretaries of Defense, including your colleague in the Nixon Administration, Melvin Laird, who participated in the conclusion of this agreement, all point out that the current interpretation is correct. But lately this broad interpretation has arisen which has provoked the concern of the Soviet public, and this has also provoked my question. I want to—

A. But let me interject here to say that, of course, what was worked out in the negotiations is a very important element in asking yourself exactly what did the Soviet Union agree to and what did we agree to. And we can't help but notice the statement of your Secretary of Defense, Marshall Grechkov, to the Soviet high authorities, and there is a direct quotation in which he said nothing in this treaty prevents us from finding the means to defend our country against these missiles. I'm not quoting precisely, but that is the gist of what he said. So that was his interpretation.

Q. Yes, but—

A. This is being studied very carefully—

Q. Excuse me, this was an unofficial statement made very long ago, which never made it into documents, which we cannot consider as having any weight. But I don't want to give into this argument. We have little time and I want to save your time and I want to touch upon the issue of the Strategic Defense Initiative.

Comparing Washington's practice now to the way the subject was discussed in Reykjavik, including the idea of accelerating the realization of the program, promoted by the Pentagon, shows that, on this concrete issue, the present position of Washington differs from that at Reykjavik. I want to ask you about one clearly contradictory position of Washington. On one hand, they say in Washington that SDI is defense against nuclear weapons. On the other

hand, others maintain that the growing nuclear arms arsenal, against which SDI is supposed to defend, is a guarantee of the maintenance of peace. Several days ago Margaret Thatcher, in Moscow, emphasized this position. How can you reconcile these positions?

A. I'm sorry, what was the case?

Q. I want to say that on the one hand, SDI defends against the threat of nuclear weapons, and on the other hand, at the same time, they say the nuclear arsenal is the guarantee of peace. These are clearly contradictory ideas.

A. It's not so inconsistent. We both depend right now, and I'm sure will for the foreseeable future, on deterrence to protect ourselves. And nuclear deterrence is the heart of it, and basically it has worked. We haven't had a world war III. Let us pray that we don't; that we never do. And the nuclear deterrence had imposed, on each side, the realization that war would be devastating and, therefore, must be avoided. So, we have something that has worked.

The President feels that we must, at the same time, have the objective somehow, some way, to find our ways to the elimination of nuclear weapons. But that's a ways in the future and obviously would be related to what we can do about conventional forces, what can we do about chemical warfare potential and, most of all—most of all—what can we do that increases the sense of confidence and trust between us. It's the lack of that that produces the weapons, not the other way around.

You said that you had to be frank with me, and I have to be frank with you, that when you are there in your neighboring country of Afghanistan, with a third of the people of Afghanistan having had to leave as a result of all of the bloodshed there, we can't understand that. Afghanistan is no threat to you. We have no intentions toward Afghanistan. It's that kind of thing that fouls up the atmosphere. There are other things. I'm sure there are some things we do that aggravate you. But trust and confidence, as well as these armament questions, have to come into it. I hope that somehow we can get there. There are important changes taking place in the Soviet Union. They've been described to me by the General Secretary, by Mr. Ryzhkov, by some writers that I met with this morning. Let us hope that things can work along in that direction on a human scale.

Q. I'm glad that you admit that some things we don't like, and what you said about Afghanistan, I must say

that Western propaganda has said a lot about this. There has been a lot of this kind of talk. The Western press, including American, has often said that the United States is not interested in the Soviet Union removing its troops but, on the contrary, wants the Soviets to get stuck there. I didn't say that it was your—

A. Whatever the press may say, let me tell you, I am the Secretary of State; I can speak for my country and I can do so knowing the views of the President, knowing the views of Members of our Congress, that what we want to see is peace in Afghanistan, with Afghanistan as a country controlled by the citizens of its own country, conditions such that the refugees will return. That's what we want. We don't want to see any more bloodshed.

Q. I know you are an active enemy of terrorism. How can we reconcile this with the fact that recently in Afghanistan, a peaceful civilian plane was shot down by American rockets in which 46 people died? Doesn't it worry you that your famous rockets, sold in Eastern bazaars, can end up in the hands of terrorists?

A. One of the facts of life today that poses difficulty for all of us, with respect to terrorism, is the wide availability of very destructive weapons. It's a problem. Insofar as Afghanistan is concerned, there you face people in Afghanistan—Afghan people—who want you to leave. And they don't want your military forces there. You have 120,000 troops there. They want peace with you, but they don't want you occupying their country.

Q. I think that stopping the growing flow of arms to the rebels would be an excellent way to solve the problem of the removal of Soviet troops from Afghanistan, and I assure you, and before the millions of spectators who are now listening to us, that this is the passionate wish of all the Soviet people.

A. I'm glad to hear that that is the desire, and let's hope that it works out.

Q. And now I want, in connection with what we were talking about, to ask a question, the answer to which I can already imagine; all the same, I am going to ask it. In the world press, including the American press, there is a lot of talk about serious disagreement in the Washington Administration in connection with the Soviet-American talks, in particular with the uneasy position of the Secretary of State, George Shultz. You can try to deny this, but all the same, frankly, what's the situation?

A. The situation is that the President, the members of his Administration, the Congress, want to see a more constructive, a more stable, and a more predictable, a more productive, a more peaceful relationship with the Soviet Union. We work at it hard. It's difficult, because we do have differences. But it's important that we keep at it and we try to resolve it. And I would like to think that the trip that I made here—I know there were many who, because of our current difficulties between us, felt that it wasn't a good idea. The fact that I am here shows how important the President thinks it is to work with your leadership. General Secretary Gorbachev and the President have a good personal relationship—I have a good relationship with my counterpart—and to use those human contacts to try to bring about the better relations we seek. We work at it hard and I believe I have full support really in coming here to do that.

Q. I am glad to hear that. But all the same, my professional duty forces me to ask you one more, let's say, sharp question.

On the eve of your arrival in Moscow, in the United States there was another of a series of spy-mania campaigns which was so seriously blown up that you were forced to raise this during your talks with Soviet leaders. And in connection with this, two short questions. The first question: Can we consider it accidental that every time before every important Soviet-American talks, something in Washington comes up to hinder these talks? One example, the letter of Weinberger before the meeting in Geneva; the outbreak of Soviet spy-mania before your autumn meeting with Eduard Shevardnadze, and again on the eve of your arrival in Moscow, another round of the same campaign. My first question: Is this an accidental coincidence or is it a nasty habit?

And the second question: In the press conference in Washington and in Moscow, there was demonstrated irrefutable proof of unconscionable actions in relation to Soviet institutions and citizens in the United States. Why are the American accusations in our direction so deeply unsubstantiated and not confirmed by literally a single piece of evidence? Is that because there simply is no proof?

A. Unfortunately there are. I walked through the new building that you have now turned over to us as a shell of a building for us to finish, and I could see with my own eyes what has been done there and I've seen pictures of other places, so undoubtedly it's there.

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And, as I told your leadership, we have to have a lot of respect for your technical capability of your intelligence service. You do a good job. But we can deal with—

Q. Are you trying to say that yours works badly?

A. It gets so oppressive and constant. You are always watching. You are always trying to get in there and it's a disgrace that you were able to turn these two young people and get access to our Embassy. That has been a very difficult thing for us. And, of course, we are mad at ourselves as well as you. But you can raise the costs so high for running an embassy here that you wonder how is it possible. I don't know what it's going to take to fix that building, but it's going to be quite a job.

But to go back to your basic question, whether or not these events somehow get timed for meetings, the answer is no. The problems that we had last fall that resulted from your unjustified arrest of the journalist, Mr. Daniloff—you're a journalist, you must have had some feeling for him—and all the other things that became related to that were there because they occurred, and the problems that we have now result from the fact that they occurred, not because of anybody's timing. But the fact that I am here, the fact that President Reagan went to Geneva, that he went to Reykjavik, that we have an invitation to General Secretary Gorbachev to come to the United States, all shows, I think, the very firm purpose widely shared in the United States that we wish for a better relationship with you, and, I think that if there is one, we will have a more peaceful prospect in the world. And that's what we want.

Q. Thank you. Of course, journalists should not get into an argument with the Secretary of State, but I want to say, all the same, that accusations about unconscionable activities which are, on your side, unsubstantiated—I don't know what you saw—but what we demonstrated, all your journalists saw.

And regarding that strange coincidence. I must say that, in the Soviet Union, we are fully cognizant that the current Administration is making substantial steps in order to find ways to unravel the difficult problems that exist between our countries. There was Geneva, there was Reykjavik. The Soviet people highly value your visit. But it's another matter that there is an impression being created here, in Washington, there is no unanimity in

this matter. Life for you in Washington is not so simple and not so distant. And permit me to conclude our discussion with a question that interests us all a lot.

A. Can I just interject a comment on what you said? We have seen, particularly going back to around January of 1984, a gradual improvement and there are ups and downs, but the trend line is very positive. Working in the White House during that period, directly for the President, was a man named Jack Matlock, a man who knows, and whose wife knows this country very well, and the President chose him, recognizing his knowledge of your country, recognizing how important it is to have an ambassador here who knows the President well, understands how he thinks, because he has worked closely with him and with me, to come here as our Ambassador to take up residence in the last couple of weeks and look at all he has done already. He got me over here; he's got all these talks going. But that is in evidence of the President's very strong and positive intent.

Q. What is left but to wish Ambassador Matlock success and the same for your work. But in order to conclude our discussion, I want to ask a question which is on all our minds. We have less than 2 years left of this Administration, of which you, Mr. Secretary, are a leading figure. What do you consider can be done to make possible the normalization of Soviet-American relations and improvement of the world situation within the remaining term?

A. I think there is a great deal that can be done, and we tend to focus on these various negotiations that we referred to here. And they are important, of course. We are working hard on them, and I believe that we can get at least one, perhaps more, of those things agreed to. But more important, if we work at that, if we can agree on one thing and it works out, and if we can solve a few problems here and there, then we can get into the habit of solving problems rather than always creating them. Maybe that will get the momentum flowing in a positive direction. And if President Reagan with whatever help I can give him, can get that positive momentum in place, I think that is a major contribution and a very important contribution to peace in the world and greater stability between our countries.

We're both big, important countries. We're in the same world. There are gigantic developments taking place in

that world that affect us both. And one of the things that I would like to do—and you know I did a little of it with both Premier Ryzhkov and General Secretary Gorbachev—is speculate a little about what that world is like, what it's turning into, and how we can each, individually and perhaps together, make a positive contribution to it. That's the kind of thing we ought to be doing.

Q. Of course together. Let me thank you, Mr. Secretary for this talk, and all the best to you.

A. Thank you very much for this opportunity to appear.

PRESIDENT'S STATEMENT, APR. 15, 1987³

Secretary Shultz has reported to me that his meetings in Moscow covered all items on our agenda—human rights, regional issues, bilateral affairs, Soviet violations of our Embassy, and arms reductions. I am pleased to report that progress was made in each of these areas, although more clearly remains to be done.

Reaching equitable, effectively verifiable, and stabilizing arms reduction agreements has long been one of the primary objectives of my Administration. The exchanges that Secretary Shultz had in this area hold promise for an agreement on intermediate nuclear forces at some point in the not-too-distant future. Agreements on START [strategic arms reduction talks] and space and defense will be more difficult, but we will continue our efforts in these areas. Consultations with our allies, particularly on the Soviet proposals on short-range intermediate nuclear forces, are especially important.

I look forward to meeting with Secretary Shultz tomorrow at which time I will receive a full report on the details of his Moscow meetings and his briefings with our NATO allies.

SECRETARY'S NEWS CONFERENCE, BRUSSELS, APR. 16, 1987⁴

The determination and cohesion of the NATO alliance over a long period, and particularly in the setting of our negotiations about intermediate-range missiles, has now created a great opportunity for the alliance. We have before us a prospect for a good INF agreement. We have the basic elements in place, and we

now have to make a decision about our position, whether it should change, on the so-called short-range INF missiles.

As always, we approach this decision on a careful and consultative basis. We are in constant touch—"we," the allies—at the level of heads of state, foreign ministers, and sitting in permanent session here in NATO. Before my visit to Moscow earlier this week, we were in close touch with our allies, and Ambassadors Nitze and Ridgway [Rozanne L. Ridgway, Assistant Secretary for European and Canadian Affairs] visited here, and of course, this is my first stop on return from Moscow. I've given a full report to my colleagues, and we have examined alternatives. We've set in place a process for a systematic and careful process through which we will make a decision promptly about our next steps. It is this close consultative approach that expresses the full meaning of this alliance, and undoubtedly accounts, in considerable part, for its cohesion and vitality.

So we've had a good discussion today, and we will continue to work through these issues on a prompt basis, having in mind always that what we are talking about is our mutual security. We are going to consider that security in a careful and proper way.

Q. You alluded to a great opportunity. Have you, indeed, asked the allies to endorse this proposition as presented to you by the Soviet Union?

A. The opportunity is to reach a good INF agreement, and it's been created in considerable part by the cohesion of the alliance, as I've just explained. Now the Soviet Union, when I was in Moscow, put forward a new proposal on the SRINF missiles. For some reason, they seemed to think that there should be an instant response from me. If so, they don't quite comprehend the nature of an alliance among free countries. We consult, that's what we are doing. We have been developing and examining alternatives, and we'll work our way through them and not jump at any particular conclusion.

Q. I wonder if you could answer two questions. The first is: Do you believe that you have, in fact, been outmaneuvered by the Soviets in the way in which they have announced their version of these talks before you had a chance to consult? Secondly, can you give us any details of the price attached to the package which Mr. Gorbachev put forward?

A. My experience in government, which includes about 10 years in the

U.S. cabinet in various positions, is that you should make up your mind at the beginning that you live in a goldfish bowl, and things are going to be public.

I have not made any secret of our positions as we've gone along, and I explained in Moscow our position. The Soviets have the habit of announcing their positions in public before they announce them in private sometimes. That's their privilege to do that. I think on the whole, negotiations go better if they can be conducted sometimes in private. But at any rate, I think the public relations aspects of it are well under control from our standpoint.

As far as the price is concerned, of course the Soviet proposal to eliminate their short-range INF missiles would mean that they would take out of deployment the missiles that they have. And what would we have to do?

Q. What's the answer to my question?

A. We don't have any of that class of missiles deployed right now.

Q. You said that you would have a response promptly. Can you give us more idea of timing and also can you tell us what impact a zero solution on SRINF would have on the NATO doctrine of flexible response?

A. I can't define the timing better than just to say that we will work hard and energetically on this question, and we will come to a conclusion promptly. I don't know just when that will be.

As far as the NATO doctrine of flexible response is concerned, it's a very important element in the picture. It means that you don't limit yourself to a light-switch approach. You either have strategic deterrence or you don't. You have a flexible capability. And I'm sure all of us in the alliance intend fully to see that that flexible response, which is based in part on certain elements of nuclear capability in Europe, is maintained. Of course, that will be maintained whether we accept the Soviet SRINF offer or not. So it's there, and it will stay there.

Q. Is it your understanding that the Soviet offer on short intermediate-range missiles in their view does have implications for Pershing I and does it also have implications for the alliance decisions on modernization of certain categories of nuclear weapons taken at Montebello, I think, in 1983?

A. As far as the Pershing I-B is concerned, that is a category of weapon that falls in the SRINF field. If there were agreement not to have any such weapons, that would, of course, imply

that that weapon would be done away with. At present, the way you would get a Pershing I-B would be to take the Pershing IIs and convert them by taking out of the Pershing II system the component that gives it the range that makes a Pershing II out of it.

As far as the Montebello decisions are concerned, they, of course, stand. They're very important. They have to do with the modernization of the forces that are below the range level—not covered by the SRINF field. I think, if anything, the prospect of concluding an agreement, broadly along lines that the alliance has long sought—this is all what we have been after, ever since the 1979 decision.

We finally have the prospect of getting somewhere, but that prospect highlights the importance of following through on the Montebello decision.

Q. What I was wondering was whether in the Soviet view, as a result of your discussions with Mr. Gorbachev, they saw a freeze on the Montebello decision as part of the total package of which the INF short- and intermediate-range are obviously the most visible parts?

A. What they will say about other pieces of the picture of security, about conventional arms, about chemical arms, about other nuclear systems of one kind or another—they're talking about it and so on, but that's not a part of the INF negotiation. The INF negotiation has certain boundaries on it and that's what we are talking about, a certain set of issues. We seek to get those issues settled.

Q. What response did you get this morning from your presentation to the allies?

A. I think that Secretary General Peter Carrington will issue a statement on behalf of the alliance.

But in the discussion, there was a universal welcome of the results of my Moscow visit, which really aren't the results of my visit; they're the results of this long effort that we have made together; also a reinforced welcoming of this extensive consultative process that we have engaged in consistently. And so people recognize, in a sense, the importance of the consultation but also the responsibilities that it imposes. The responsibility in this case is to have a decision promptly, and we have to look into the various possibilities. I'm sure there are others, and we'll have to examine them carefully, promptly, and come to a conclusion.

THE SECRETARY

Q. Will you be able to tell President Reagan upon your return that you have achieved, on behalf of NATO, as much or more than you first set out to achieve?

A. I wouldn't want to show all of my hold cards, here. But I think, what has NATO sought to achieve? Go back to the late 1970s. The Soviets are deploying the SS-20. They've continued those deployments. And the Soviets have deployed over a period of time these various weapons systems—the SS-12, 23, known as short-range INF missiles. They are now up to around 1,400 warheads on the long-range INF missiles globally. It's a little hard to put a number on the number of warheads on the short-range systems. As you know, they're sort of reloadable. But it's certainly way up in the multihundreds. And for a while we had no deployment opposite to that. We made the dual-track decision, we have negotiated, and we have shown the determination to deploy. So we have a subsequent negotiation. Now we have the prospect of an agreement that brings this whole pattern of Soviet deployment, which we objected to, back under control, and we think, from our standpoint, that's good.

That's what we've been trying to get to. That's why now we have a hard decision to make. But it's the kind of decision we have been wanting to make, wanting to have the opportunity for.

Q. You mentioned a while ago that the United States has no equivalent of the Soviet shorter range INF missiles.

A. We have the Pershing I-B.

Q. Okay.

A. And we could produce such a system. But we don't have any systems deployed now.

Q. Did Secretary Gorbachev then offer to eliminate the Soviet shorter range INF without any reciprocal action by the United States in that or any other category of arms?

A. We, of course, have to agree not to deploy such weapons ourselves if they are going to take out of deployment their weapons. That's what zero would mean. Now, of course, the taking out of deployment would have to be very prompt, and we always insist on the principle of equality. That is we have to have the right to do whatever they have the right to do. That's a fundamental principle here.

It's also the case in the SRINF field that the restrictions, whatever they may be, must be global in nature. That is because these systems are highly mobile. You can put them in an airplane and fly

them from [one] place to another. So you have to have a global concept. So if we are talking about zero, we're talking about abolishing them.

Q. You said earlier that the NATO policy of flexible response would remain because there would be some nuclear weapons still able to be brought into effect. Can you be more specific about why Europe should not fear that a decision like this represents the folding, in effect, of the nuclear umbrella of the United States over Europe?

A. Let's be clear what these negotiations are about. The INF negotiations involve U.S. and Soviet systems only. Now, we consult with our allies, especially on the INF because these deployments are in Europe. There is a vital NATO element here, but, of course, our allies also have an interest in all other aspects. But this negotiation does not have a connection now with strategic arms. That's a separate matter. Nor does this negotiation cover weapons systems other than those that we've specified here.

So from the standpoint of the NATO basic strategy of flexible response, that implies the capability of bringing into play a variety of possible responses to any attack that might be launched against us. We are purely a defensive alliance. That capacity continues to exist and will continue to exist.

Q. West Germany has Pershing I-As right now and the warheads are controlled by the United States. This is also in the SRINF field. What is your feeling about the future of the Pershing I-As? Are they likely to be removed by West Germany? Do you have a view? Did the Soviets express their view to you?

A. This was not a question that was discussed. Of course, there were lengthy discussions about British and French systems which are not part of this discussion and which we have been unwilling to include in any way in this discussion.

NATO'S STATEMENT, APR. 16, 1987

The Secretary General [Lord Carrington] commented as follows at the end of today's meeting at which Secretary Shultz briefed the North Atlantic Council on his visit to Moscow:

We are grateful to Secretary Shultz for his detailed report on his talks in Moscow. His briefing followed Ambassador Nitze's consultations with the council last week enroute to Moscow.

The Secretary's visit to the Soviet Union was thus firmly embedded in an alliance context.

We stressed the importance of the Soviet-American talks and, in particular, welcomed the fact that the Secretary's visit has demonstrated further movement in vital areas of arms control and that it has enhanced the prospects for reaching an INF agreement.

We took careful note of the Secretary's report on a new Soviet offer for a phased elimination of shorter range INF missiles. We affirmed our intention to work together on these issues, mindful of the overall European security context.

Ministers and permanent representatives agreed that the council in permanent session and its appropriate subsidiary expert bodies should begin immediately to consider the implications to allied security of the proposals under negotiation. This work will take into account the complex interrelationship between alliance and Warsaw Pact conventional and nuclear weapons as well as Soviet superiority in chemical forces.

PRESIDENT'S STATEMENT, APR. 16, 1987³

I have just received a full report from Secretary Shultz on his talks in Moscow and his consultations with our allies. And George, as usual, put forward our positions in Moscow with firmness and great skill. It's clear to me that the visit was very useful in advancing the dialogue between our countries in a number of areas—human rights, bilateral relations, regional issues, and arms reductions.

The contacts the Secretary had with divided families, church groups, and private individuals paid public tribute to the courage of those in the Soviet Union struggling for human rights. He made clear to the Soviet leader that self-determination for Afghanistan and Soviet troop withdrawal were essential to peace.

Important progress was made in arms reductions. On intermediate-range nuclear missiles, we've narrowed the gaps a little more. After we consult further with our allies, we may have new ideas to offer. I remain optimistic about an agreement this year. There was movement on nuclear testing talks and on a ban on chemical weapons. On strategic defensive reductions and defense in space, the talks were detailed and useful and will intensify.

When I return to Washington, I will meet with the bipartisan congressional leadership to review this week's progress. It's my hope that the process now



President Reagan, Secretary Shultz, national security adviser Frank Carlucci, and Chief of Staff Howard Baker at the President's ranch in California, where the Secretary reported on his trip to Moscow on April 16.

underway continues to move forward and that Mr. Gorbachev and I can complete a historic agreement on East-West relations at a summit meeting. And in that connection, I will consult personally with our NATO allies on further negotiations and plans.

SECRETARY NEWS CONFERENCE, SANTA BARBARA, APR. 16, 1987⁵

I've just had a very good visit with the President, giving him a report on my conversations in Moscow and on the reactions of our allies stemming from our meeting in Brussels. I was glad to be able to make a very positive report, and, of course, the President was full of questions. We had a good thorough discussion of what took place.

Let me try to put it into some broader perspective. Six years ago, the President determined that through strength and readiness for responsible and creative progress, we could bring about an opportunity for a more stable, safe, and open world. We've come far along that road in area after area, and I think the developments that we've seen

in this past week give fresh hope that we may be getting closer in our relations with the Soviet Union to that safer, better future.

America's aim is for a world where human rights are not only cherished but protected; where aggression such as we see in Afghanistan has ended, and in which humanity can emerge from under the shadow of nuclear war.

In Moscow this week, our ideas and our resolve on all these issues were set forth with as much clarity and firmness as I could muster, and with a benefit of a very thorough preparatory process over which the President presided.

I was able to spend many hours with General Secretary Gorbachev, with Premier Ryzhkov, and, of course, a number of meetings with the Foreign Minister, Mr. Shevardnadze. The issues we covered went across the full range of things that you would expect to talk about.

Beyond that, while there, I met with members of the divided families seeking reunion in America and attended a Passover seder with Soviet Jews seeking to emigrate to the West. I met with Soviet writers and heard about their aspirations and, I must say, their joy at being able to publish the things that they had written. It was really an interesting

time for me to meet with them. I went to a mass in a small Russian Orthodox Church in the village where I also had the opportunity to put a flower on the grave of Mr. Pasternak. In all these meetings, I think, I felt I could pay a tribute to the Soviet people and the hopes for the future that they share with us.

On the crucial issues of arms reduction, our readiness for new ideas have opened up new vistas for progress in the last year or so. The Reykjavik meeting between the President and General Secretary Gorbachev was a dramatic one in that it set some important new positions up on the table and agreed in a general way between the two sides. So we've been trying to follow up on Reykjavik and consolidate and take advantage of the ground that was gained there.

In the meetings that I had in Moscow, we discussed the subject of strategic arms—made a little progress, but not much. We discussed the space area. Again, it was useful. But I think it can fairly be said on the subject of intermediate-range nuclear weapons, we can now see clear signs of progress as gaps have been narrowed, and the possibility of an agreement for significant reductions in nuclear arms is in view.

We had some interesting developments in the area of nuclear testing, and perhaps we will find our way to improvements in verification procedures there. And we also probably will be able to work out an arrangement whereby Soviets visit our chemical weapons destruction facilities and our experts do likewise with theirs.

So overall it was a trip with a wide range of contacts—a great variety. It was an interesting experience to be interviewed on Soviet television for half an hour.

This morning I had the opportunity to spend time with our allies in Brussels, and they were uniform in welcoming the results of the Moscow trip and in welcoming the approach we took as Mr. Gorbachev tabled, during my meeting with him, a new proposal on short-range INF missiles which was further developed as a result of our discussions in the meeting with Shevardnadze.

It now stands as a Soviet offer to eliminate globally this class of weapons within 1 year of the time an INF agreement is signed. But at any rate, we discussed that and looked at various possible alternatives and options. I believe our allies felt very interested in the proposals and very positive about the approach of consulting carefully with them, both before the meetings in

(White House photo by Bill Fitz-Patrick)

THE SECRETARY

Moscow and immediately afterward. Of course, we will be doing that consultation intensively, and I'm sure we'll be prepared to give our response—the President will—very shortly.

Q. Considering recriminations between the two sides in advance of the meeting over the issue of espionage, it seemed not to have hindered the talks in any way. What kind of a statement is that with respect of the ability of the United States and yourself personally to deal with your counterparts in an atmosphere in which there is this high tension?

A. It's a good statement. It shows that we can tackle a tough issue head-on. We did in my meetings with Mr. Shevardnadze and in my meeting with General Secretary Gorbachev and, at the same time, not have it destroy any chance of moving forward on things that are in our interest to move forward on. I think it's a mark of maturity. While the incident was entirely different, it has its comparability to the way the President handled the question of the arms control as we were expressing our outrage at the shoot-down of the Korean airliner. And contrary to the way many typically reacted, the President was relentless in his drive to bring them to account on the Korean airliner. But, at the height of that time, he called in our arms negotiators and, with a considerable fanfare, sent them back to Geneva to see if we could find an arms control agreement that was in our interest.

Now I think that is maturity. It's immaturity to say every time something happens that you don't like, you throw up your hands and say nothing can be done. So I think the President handled it very well.

Q. Is it your understanding of the Soviet position that what Mr. Gorbachev wants to do is put a definite linkage between zero on medium-range and zero on short-range, and also did you find the Soviets any more flexible in their previous position that the United States limit on short-range systems in Europe be zero?

A. Let me remind you of the history of this negotiation. It goes back to 1981, and in the U.S. approach and in the concept of this negotiation there has, from the beginning, been the so-called SRINF missiles as well as the long-range INF missiles. They've always been there on the table. And we have always insisted that in some manner they are going to have to be dealt with. So it's not a new subject. It has come into prominence in the last few weeks because people have seen that the long-range subject is being

settled, that the very difficult verification issues seem to be moving well, and so this is the remaining area. And suddenly people are starting—what is it? And there is a lot of misinformation around.

But basically, as we see it, there are two weapons systems that fall in a certain range: roughly 500 to 1,000 kilometers, although we define them by the weapons systems—the SS-12 and the SS-23. Those are the ones that we're talking about. We've always had our eye on the necessity to come to grips with those. That is happening, and I'm very glad it's happening. I'm sure that in one way or another, we're going to find our way to good results.

Q. The President seemed to be endorsing it when—the last comment that was related to us by the pool was that he said that this is the direction in which he wants to go. Is that the conclusion of this government, that this is the right direction? It would be too politically risky for one thing to reject it.

A. It is the right direction to get control of these systems and limit them. Whether or not the right limit is zero or some finite number—and how to bargain that out with the Soviet Union—is the question, and we're consulting with our allies about that. We're thinking about it ourselves.

There is a new proposal put on the table and I think it is the right thing to do since, in effect, we're talking about peoples' security. We're talking about the security of our friends in Europe and ourselves and Canada—to think it over carefully and consult with them. That's what we're doing. The President hasn't made a decision about it as yet.

Q. But is there some concern by the Europeans that tactical weapons would then get swept into this net? And if there is zero SPRINF that the battlefield weapons would then also be—

A. The weapons systems below the range of the systems we're talking about are not on the table. They're not a part of this negotiation. The so-called INF negotiation deals with a finite group of weapon systems and that doesn't include the class of weapons that you're talking about.

Q. Didn't you find the allies concerned about the position of which the General Secretary's offer places the alliance? And secondly, what did the President mean when he said that he would consult personally with the leaders of the alliance?

A. The President consults personally a great deal, to some extent as people are here, and then the cable traffic is very heavy and occasional phone calls. I don't know precisely what he will do, but he has a great rapport with these leaders. He knows them all well, has met with them many times. In various ways, we will consult.

There will be a high-level group meeting next week. There will be a special consultative group meeting the following week, and all of these are done at the technically very proficient level. I expect that the alliance will have a conclusion here very soon.

If we are placed in a box, it's a wonderful box to be in. It's the box we've been trying to get into; that is, we have been working from day one to bring about radical reductions in these weapons systems. So that doesn't mean that anything goes. But it means that the idea of reductions that the President campaigned for, as far back as when he was Governor of California and which was presented by his proposals in 1981 and 1982, he's getting somewhere.

Q. And the allies aren't discomfited? Didn't you find any concern?

A. Anytime that you find the situation changing, people like to think it over carefully. And so you think it over because you want to check this out and check that out and check something else out. There are variations in the way people look at things, built largely on their geographic location. And so, as with many other areas, we want to work it through carefully. We'll do that. That is what makes the alliance strong—our ability to do that.

Q. Given this change in mood in Moscow as you read it over the last week, what do you think has caused this shift that has produced this new environment as you have sensed in Moscow? What's behind the Russian change of attitude?

A. I could speculate, but I don't think that this is the right moment to do that. But I do observe that in the process of so-called *glasnost*—or openness—and in the restructuring, that it's clear a lot is being said, and there is follow-on action. Just how far it will go and how lasting it will turn out to be, obviously, we have to wait and see. But there's no question about the fact that some things are happening. And it is very interesting.

Now as far as arms control is concerned, it has been certainly dramatically illustrated at Reykjavik that the idea of making reductions—which has been an idea that the President has advocated

all along in his presidency—has really come into its own. Now we have to get it pinned down and have it take place in a way that will ensure our security and enhance the stability of the situation. That's what we're doing. Why are the Soviets doing this? I don't know. They say they're doing it because they want a less threatening and less nuclear world. Maybe you should take them at face value.

Q. With regard to the tactical weapons, you say they are not on the table. Is it not, in fact, part of Mr. Gorbachev's proposal, as he has made public, to deal with tactical weapons? And how and where will that be done?

A. The INF negotiation deals with certain classes of weapon systems. So when we're talking about the INF negotiation, we're talking about those and not a lot of other things.

As far as other negotiations are concerned, of course, we in the alliance are concerned about the predominant strength, the asymmetrical strength of the Soviet Union in conventional weapons.

It was interesting to me—I don't know whether you read General Secretary Gorbachev's speech in Prague. It was a very interesting speech and he referred to the asymmetry. That's about an early-on time for him to do that. So we do have a negotiation going on right now to set a mandate for talks on conventional weapons—not nuclear, conventional forces—with the concept of the Atlantic to the Urals. That's a broader concept than we have been using in the Vienna talks that have been going on for some time.

But the shorter range nuclear forces are not included in that concept. Mr. Gorbachev may be advocating that, but the alliance has a firm dedication to a policy of flexible response. In order to have the ability to respond flexibly to any aggression that we may find ourselves in from the Warsaw Pact forces of the Soviet Union, we have to have the different forces to be flexible with, and we will keep them.

Q. So tactical weapons are not on any table?

A. No.

Q. Did he not inject that into the issue in this latest proposal?

A. He has made lots of different proposals. So what we're doing is pursuing this in an orderly way. We have three sets of negotiations going on in Geneva; we've made some headway in all of them, a lot of headway in the INF. I think that, as I said, there is a

reasonable prospect that it will be possible to complete that agreement. There will be some new, probably some new conventional arms talks started. Then there are things going on in various other areas, as I've detailed here.

Q. Is there something that the United States can do to assure the allies that there will not be an unsatisfactory balance, either through the protection provided by air- and submarine-launched missiles or anything else that provides an umbrella should this Soviet proposal be accepted?

A. I think the assurance comes from the fact that we're there, from the fact that we have troops there, from the fact that we behave like an ally—that is, we consult with them, their views count, our views count. It's a joint enterprise, we share the same values, and so we have the same security concerns. That process gives cohesion. And, of course, we struggle to improve our military capabilities, but NATO is a formidable force, and that's what keeps the peace.

Q. Have the allies indicated in any way that there are any circumstances under which they could agree to zero limits, as opposed to what happened in the last U.S. offer to build up to at least some level of missiles on our side?

A. We like to think it over carefully, particularly when we're talking about your security and my security. And so we have an important new proposal. We just got it yesterday. And we are discussing it carefully and people will think about it carefully and we'll make a decision. That is the right way to go about it.

Q. Doesn't flexible response require building up rather than everyone going down to zero?

A. We have had successfully in place the doctrine of flexible response that has kept the peace for quite a number of years, long before we were forced to deploy our INF weapons in response to the Soviet systems. Now it looks as though the effort that we've been making to get those systems out may succeed. So we'll still have those systems that gave us the ability to have a policy of flexible response and implement it.

Q. The President said that he wanted to consult personally with the allies so, presumably, that time would be included in the thinking-over period. When do you think there will be a response? Is this something now that is postponed, for instance, until after the Venice summit?

A. Oh, no. We'll have a response long before then. But I don't want to put a time down on it because, as I told you, we have these two important meetings. We have the permanent council in Brussels that's there all the time, and there are innumerable contacts going on constantly—among foreign ministers, among defense ministers and, most important of all, among the heads of state. And this process has worked well. We have a lot of experience with it. There was an immense consultative process as we went through the 1983 period and so people know each other well now and it will be done properly.

Q. Were you surprised to get this offer from the Soviet Union?

A. They had kind of signaled in advance that something like this would come forward in statements of one kind or another, and then the General Secretary made some comments somewhat along these lines in his Prague speech. They had it structured differently, and it evolved a little bit during my discussions in Moscow. But we had an idea that something like this might come forward.

But they have a practice of floating ideas around. They have somebody whisper to a journalist who writes an inside dope story and then you're supposed to—[laughter]—then you're supposed to react to it. And we take the view that that's all interesting, but the only thing that counts is what they put on the table in Geneva or what they put on the table in an official meeting such as my meeting. Then we pay attention to it. Nevertheless, we listen to all this chaff and it's useful [laughter].

Q. How optimistic are you about a summit this year?

A. I don't believe in words like optimism and pessimism. I'm more a believer in operational things, and the operational facts are these. Both the President and the General Secretary have said that a summit should have some real content to it, work to be done, and it should be carefully prepared so that it has the maximum chance to be a worthwhile and successful meeting. They both said that, under those circumstances, a meeting would be useful.

What is taking place? What is taking place is that we are seeing some things that we've been struggling on with the Soviet Union come together a little bit. Maybe they will jell, and if they do, then probably an operational proposition that's laying the groundwork for a worthwhile meeting.

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I don't know whether the word optimism or pessimism, or what applies to that, but in my role, what I try to do is help this process along and try to do, under the President's direction, all the things that I can to help move this relationship so that it becomes a more predictable, a more constructive, a less threatening situation in the world. That's what we want to have and, in doing so, we must represent, not only in what we say but what we do, the values that characterize our society. That is why I was so pleased to have the opportunities for meeting with diverse groups when I was in Moscow.

Q. You've told us about your visits with the human rights activists and so forth, but there's been little elaboration on potential progress in that area derived from your talks. Are we going to see any progress on emigration, divided families, and those issues?

A. I don't think you see progress as a result of a particular talk. It's a process. And it's important to keep working at it. There are various measures of progress. There have been many political

prisoners released, but there are still many more in jail. Emigration figures have increased. The monthly level is now getting up toward 500. It's not anywhere near as much as it once was; it's a lot more than it has been recently.

Dr. Sakharov is now in Moscow, not in Gorkiy, although he was back in Gorkiy on a visit, as it turned out, when I was there. I was disappointed I couldn't see him. And so on. So there are various others.

They gave me a list of cases as I left that they said, "Here is a list of cases that have been resolved." We're reviewing that list to see just what is new in it, and we want to do that very carefully because people's hope ride on these things and you have to be very careful in how you handle this humanity. There is progress, but there is also a huge amount left to be done. That's a descriptive statement.

¹Press release 86 of Apr. 20, 1987.

²Press release 87 of Apr. 20.

³Text from Weekly Compilation of Presidential Documents of Apr. 20.

⁴Press release 88 of Apr. 20.

⁵Press release 89 of Apr. 20. ■

News Conference of April 8

Secretary Shultz held a news conference on April 8, 1987.¹

First, I'd like to say a few words about our situation in Moscow and what we're doing about it. Let me remind you, first of all, that there is a chain of command. That's clear. There are Marines who stand guard. There are NCOs [noncommissioned officers] who report to. There are Marine officers who circulate that are responsible for them.

However, they report to our Security Officer and the administrative structure in the Embassy, and the person in the Embassy in charge is the Ambassador. The Ambassador reports to me, so I'm responsible. It is a clear, clean chain of command.

That being the case, we in the State Department—very upset with these developments—are and have been doing various things about them. Sometime ago, as we were surveying the technical problems in the new office building, the new Chancery, I asked former Secretary of Defense, former Director of the CIA [Central Intelligence Agency], former Secretary of Energy, Jim Schlesinger, to act as a consultant to me to evaluate the reports that are in stream.

There is a report by the National Bureau of Standards due in the middle of this month and also of an interagency group of technical experts due in the middle of this month about various aspects of the building. Mr. Schlesinger will review these. He'll make his own assessments and he will give me his views, and I expect to have that all in hand by June.

Second, very early on, as the disclosures about access to our Embassy came to light, I asked Ambassador Bill Brown, one of our most experienced men in administering a large embassy, to come back for a short period of time from his post in Thailand and work directly with me and the people in our diplomatic security service on things that we should do immediately. Obviously, we're going to have a deeper investigation. But if there are things that we find that should be done, we don't have to wait around for an investigation to do something about it. So, Bill Brown's role is to work with those who are actively engaged, to see what needs to be done and do it. I might say, Ambassador Brown did serve in the Embassy in Moscow some years ago and,

like me, he shares the distinction of having served in a great branch of our Armed Forces, the United States Marine Corps.

Then, we have just appointed, and the President announced yesterday, an accountability and review panel that will report in a period of 90 days to me and then I'll report to the President on it, headed by former Secretary of Defense, Mel Laird, and the membership of that panel is outstanding. We'll have people who are familiar with the intelligence, the defense, and the State Department aspects of operation. And those representatives will be Mr. Richard Helms, former Director of the CIA, Mr. Jack Vessey, former Chairman of the Joint Chiefs of Staff, and Ambassador Diego Asencio, formerly Ambassador to Brazil. So that process is in motion, and the immediate steps needed are being reviewed and put into place as we see them possible and necessary.

In the meantime, as far as my trip is concerned, I have been assured that there will be secure communications, voice and cable, and also facilities in which we can meet in private.

Our efforts with respect to the new building have been strong for a long time. It's quite obvious to everybody that you operate in Moscow in a very hostile environment, as they are constantly trying to compromise your facilities. That is no news to anyone.

And so we have been reviewing, taking steps, putting action programs into effect for some time to deal with that. In terms of the new building, of course, it, like their building here at this point, is basically a shell. It is not by any means a completed building, anything approaching it.

And we have consistently through this process taken steps to see, insofar as we possibly can, that things are done properly. For example, from the beginning of the project, there have been 40 to 50 Seabees monitoring activities of the Soviet construction workers,² and so on. I won't go through all of these items.

It has been a matter of great concern to me, since I've been Secretary of State, dealing with the security problems in our posts around the world—physical security, in light of the terrorist threat, and counterintelligence security, as I have gradually learned about that aspect of this problem.

For quite a period of time, I held everyday in my office a meeting on security issues. I convened a panel headed by Admiral Bobby Inman, which made some very strong, powerful, critical recommendations which we have taken to the Congress and had author-

ized, and we have a major problem to implement them. It's not being funded as fully as we believe they should, but, at any rate, there is a strong program there. So, this is a matter to be taken very seriously.

I said I am the person in the chain of command, and the responsible person, and so I take it very seriously. At this point, with all due respect to the things that we have done, and will continue to do, the situation is certainly not satisfactory. So we intend to work on it with great effort and concern.

As the President said yesterday, this matter will be a strong item on my agenda in Moscow. I intend to take it up, and I intend to say to the Soviets that they can't expect to continue incessantly, massively, to work to create a hostile environment for our people overseas without cost to themselves and to their relations with us.

Ambassador [Jack F.] Matlock has protested their actions in Moscow. They, in effect, invaded our sovereign property in our Embassy, and that is a strong basis for the protest. Unfortunately, as so often is the case, when we are in the midst of potentially promising discussions with the Soviets, the discussion takes place in an environment, a difficult environment, generated by their actions and these things cast a heavy shadow on our discussions.

At the same time, the President is determined that we will carry on these discussions. And if we can find agreements that are in our interests, if we can find our way to a more constructive and stable relationship with the Soviet Union, we want to do so. He's always made that plain.

I've just come this afternoon from my last meeting, private meeting, with the President before I leave for Moscow and had the completion of his instructions for me for this forthcoming trip. Those instructions derive out of a full NSC [National Security Council] systematic review of all of the issues under the President's direction. And so I will be fully, comprehensively there in Moscow with the President's views with me.

The instructions cover all items on our agenda. We expect to discuss human rights issues. And I might say I've had a number of very helpful meetings with Members of the Congress and with nongovernmental groups during the preparatory process. We'll talk about regional issues, and the ground for this has been prepared, in part, by the meetings that Under Secretary of State [for Political Affairs Michael H.] Armacost had in March. We've had some satisfactory progress in our bilateral

relations, and over the past 2 weeks a good meeting of the Bilateral Review Commission.

We expect to discuss, in greater or lesser detail, as the case may be, all areas of arms control—INF [intermediate-range nuclear forces], START [strategic arms reduction talks], defense and space, chemical, nuclear testing, conventional—and I will have with me in my delegation a full number of people who are knowledgeable in all aspects of these subjects.

In making these preparations here, we've also been in very close touch constantly with our allies through NATO and through individual back-and-forth cable traffic and most recently in visits here of French Prime Minister Chirac; tomorrow, Sir Geoffrey Howe will be here, having been in Moscow with Mrs. Thatcher; Peter Carrington was here. Paul Nitze will be in Brussels on Friday to talk with NATO members, and I will go from Moscow to Brussels and give a readout to our allies on Thursday morning on my way to California to talk with the President.

So we have a full plate of issues. We approach them in a constructive spirit, knowing full well the difficulties that always seem to be present in these very important but difficult discussions with the Soviet Union.

Now, if there are any questions, I'll be glad to take them.

Q. Perhaps you could define something for us that some people find puzzling. As you point out the fact that the Soviets try to spy on us is not news. It is probably not news to the Soviets that we may try to pick up some things from them once in a while.

What is different about what the Soviets are doing now? And what is qualitatively different from anything that they and other countries of similar persuasion have been doing right along?

A. There is a law case going on—I don't want to prejudge it; I don't mean to prejudge it—but it appears that through their activities, they have had access to highly classified areas of our Embassy, our sovereign property, and somehow or other, however, much you may realize that they are constantly trying to compromise us, the reality of it is a shock. Expected, though their efforts may be, it certainly distresses me and distresses us all.

Q. Could I just follow that? The Soviets, and some of their allies, are saying that this outrage, given the fact that it has gone on and has been

expected, is perhaps an attempt to sabotage, to prejudge the discussions that you're going to be having in Moscow and to make them more difficult.

A. We didn't break into their Embassy. They broke into our Embassy. They invaded our sovereign territory, and we're damned upset about it. We're upset at them and we're also upset at ourselves, and we intend to do everything we can to correct our problems.

Q. It's become fairly well known now that a presidential advisory board 2 years ago warned of great security concerns, ranging from some specifics as having typewriters sent out to Russian repair shops, to a more general situation of some 300 Soviet employees. The people who are making this known are also saying the State Department overrode virtually all of these recommendations in the interest of detente, in the interest of maintaining the best relations they could with the Soviet Union.

Do you know—did the State Department prevent some reforms that might have helped today avert the situation we face?

A. First of all, let me say we will never do anything with respect to our security, or fail to do something because we think it may cause a problem with them. Quite to the contrary. So there's nothing here at all in connecting this to some aspect of our general relationship.

I don't know anything about typewriters sent out to repair shops, although we've had a typewriter problem. That's not the reason.

There has been a continuing discussion, early on since I've been Secretary and no doubt before that, about various aspects of security at our embassies, and I've taken part on that and gradually informed myself about it. And the net of it has been that in early 1985, after full discussion and on the recommendation of our Ambassador, I adopted a plan that was in the process of replacing about half of the Soviet employees at the Embassy, that is, those who were judged to be in positions more critical than others.

We also have had a program underway of strengthening various aspects of our security practices. And so there has been attention to this problem, and there is no reluctance on my part to do the things that are necessary to deal with our own security. Now, these things have been debated. I think you can legitimately debate whether, for example, it would have been wise—it's gone

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by now because they've withdrawn all the Soviet employees—whether it was wise to have any left or not. And, to a certain extent, you have to say to yourself in Moscow, it's not too bad to have somebody else shovel the snow. But, at any rate, as of now, we are staffing, trying to staff completely all of our activities.

Q. The recommendation was, indeed, a phased removal of Soviet employees, and you speak of the half, perhaps coming out. What happened to that plan? Was it ever implemented?

A. Oh, no. It was being put into effect and a lot of changes were made, and it was in full throttle.

Q. Given the constant scrutiny you say the new building has been subjected to, as in the course of construction, why are you not in a position now to know what to do about the problem—whether to tear it down, whether it can be fixed? Why do you need more investigations into the problem?

A. As we have completed the phase of construction that ended in the fall of 1985—that is, completing the shell, so to speak—that was the part of the construction where Soviet construction workers were there being supervised by Seabees—we completed that. They all cleaned out. Then we are in the process of inspecting very determinedly what is there, and we have been finding things out in that process. It's that process that has caused us to feel that we needed a very thorough review.

I might say that we also started the process, back in the fall of 1985, of presenting claims and an arbitration process for things and what was done in that building that are not in accord with the contract. In some cases we got less than we contracted for, and you might say, there are other cases in which we got more than we contracted for. [Laughter] We don't want either one. We want what we contracted for.

And when, in the contracting business, you deviate from the specifications, you are liable for the costs of putting it right. That process was started roughly—not quite 6 years ago. So it's a hard, difficult, delicate process, and we're in the midst of it. It's not a very satisfying process, but it has to be gone through, and we have to evaluate, as I said, both the structural aspects of the building and the intelligence aspects of the building, and what can be done about it, and we expect to do that in an orderly and careful way.

Q. If there were 40 or 50 Seabees overseeing construction, how was it

possible that the United States allowed the Soviets to construct major module parts of this building off-site, apparently out of our view? Or is that an incorrect impression that we have been carrying?

A. I'm trying to trace all this out, and I don't have in my head all of the chapter and verse. There was a recognition, of course, that we had a supervisory role here that was important, just as they recognized it in their Embassy. Whether we were able to exercise that as fully as necessary is a question mark. But, at any rate, that effort was made, and we'll be looking into that kind of problem, and, of course, trying to find out exactly what the situation of the building is so we know, on the one hand, what the problems are and, on the other, how to deal with them.

Q. I was wondering why it was with all the reports and recommendations that were coming in and the allegations about the Marines that the formal protest was not lodged until yesterday?

A. We have been in the process of assessing the situation, and as it developed we decided that it was important to lodge a formal protest, not just investigate ourselves, and so late last week we instructed Ambassador Matlock, and he did that on Monday.

Q. Why was it that this Administration allowed the construction to go on for 4½ years, spending tens of millions of dollars, until the shell of the building was completed before it began to X-ray and inspect for these bugs and other things? Why wasn't that done as the work went along, so that it would have been stopped at an earlier stage and less money would have been wasted?

A. I presume that we should be doing things of that kind, and exactly what the process of inspection was, I can't tell you off the top of my head here. But there is no doubt about the fact that building anything, conducting any kind of operation in the Soviet Union, you must assume is going to be very expensive because of the extensive effort that you must make. Whether we made an extensive enough one or not is something that we're in the process of finding out.

Q. You said that apparent penetration of the old Embassy had cast a shadow over the talks in Moscow. Has there been any serious consideration given to postponing those talks or changing the venue?

A. That suggestion has come up from a number of quarters, and the

President's view, which I share, is this: First of all, they are not going to run us out of our Embassy. We can provide a proper environment necessary for the conduct of my talks. We're going to do it. So that's number one.

Number two, we feel that there are potentially important things to talk about, and, as I said in my opening statement, if there is something constructive to be accomplished, we want to do it.

Third, as part of our process, there are things that we wish to emphasize, not only in talking about them, but in some of the things that we do, such as attendance at a seder in Moscow—you can't do that if you are in some other city—and perhaps visiting with some other people.

And, finally, I think in these kinds of discussions if the opportunity arises, and I believe it will, to talk with the—of course, with the Foreign Minister, but others in the leadership, in particular Mr. Gorbachev, it's desirable to do that directly, and you have to go to Moscow to do that.

Q. A third Marine was arrested today on espionage charges, apparently a separate case in 1981–82 in Leningrad. Can you tell us more details of that and whether or not that case did any severe damage to our security over there?

A. I can't give you more details about it. That has been announced by the Marine Corps, and that's correct. As soon as we discovered that possibility, we ceased secure communications from Leningrad, and we are replacing that capacity rapidly. We don't know what has happened there, but in these kinds of cases—as in our Embassy in Moscow, where we don't know precisely what took place—we feel we must make the worst assumption, and then act on that in order to safeguard our future operations.

Q. When did you find out? This occurred in 1981–82.

A. In Leningrad—

Q. When did you discover it?

A. This was reported to me first yesterday, and our action, as with the other agencies, was immediate on dealing with the immediate problem.

Q. So it lasted about 5 years before—

A. It was a long time. Obviously, yes.

Q. Do you think it's a good idea—an arms control question—for the United States and the Soviets to move toward a true zero on medium-range

missiles in light of the European misgivings, rather than the zero-100—that proposal that's been negotiated—and treaty?

And, secondly, would it make any sense in your view for a discussion to take place with the Soviets on redefining the meaning of the ABM [Anti-ballistic Missile] Treaty?

A. Insofar as the question of the INF missiles is concerned, it has been our position from the outset, and the allied position, that the goal we seek is the complete elimination of that class of weapons. In other words, we want a global total of zero. We have in the process of negotiations, while keeping that goal always there, said that as an interim step we are willing to look at a number above zero, preferably a low number, always on a global basis.

At Reykjavik, the President and General Secretary Gorbachev came all the way down to 100, which is a massive reduction, unprecedented reduction. So that's good. We would prefer, obviously, to go to our full objective of zero long-range INF missiles.

There are still plenty of issues around to be worked out. The subject of verification is difficult, although they've made some encouraging sounds about that. The subject of short-range, so-called, INF missiles is also a very important issue and a potential—very sticky—issue. But, at any rate, those are things that we're going to discuss.

As far as the ABM Treaty is concerned, the research program that we are conducting—the Strategic Defense Initiative—is being conducted in a manner fully consistent with the ABM Treaty. We are in the process of a very careful review of that treaty, and we believe that a so-called broad interpretation is fully consistent with the close examination of the negotiating record. We're examining other aspects of that subject, as has been said publicly, but, at any rate, our program is being conducted in a way fully consistent with the ABM Treaty, and we see no reason to change the treaty.

Q. As you indicated in your opening remarks that regional issues are going to be raised with the Soviet leaders, would it be correct to assume that you are going to put a more positive attitude toward the idea of a Middle East international conference?

A. As far as regional issues are concerned, we think one that needs to be pressed very strongly is Afghanistan. There are others around the world—Nicaragua, Cambodia, Angola.

As far as the Middle East is concerned, we don't think that an international

conference, in and of itself, is a prospective idea. The object—as I said, and as I had discussed with Prime Minister Rifai when he was here yesterday—the object is greater stability and, in the end, peaceful relationships between countries in the Middle East. That's the object. The question is how do you get there? We believe, and I believe most believe, that the way you get there is through bilateral, direct negotiations. Now the Jordanians feel, and many others feel, that there may be a role for an international conference in getting us to that point. We have been exploring with the Jordanians and others whether or not such a useful role can be defined and just how that would work. So that's where we stand on that.

Q. A couple of years ago you virtually shut down, froze Soviet-American relations in the wake of the KAL shoot-down. Annually, the Administration accuses the Soviets—

A. That's not correct, and I think it's a very instructive parallel.

Q. All right. My question is a parallel between that and this episode.

A. Let's get it correct to begin. We were all—I'm sure you were—outraged at the KAL shoot-down, and we said that at the time. We and all of our friends around the world were unanimous in condemnation of that action.

Now, it was a very noteworthy thing that at the height of that justifiable furor, the President assembled his arms control negotiators, including Ambassador Nitze [Paul H. Nitze, special adviser to the President and the Secretary of State on arms control matters], who at that time was the INF negotiator in Geneva, met with them and dispatched them back to Geneva to continue our talks.

So we made a distinction, and that continues to be the President's view. It's a little different view of how to manage our relations with the Soviet Union than the view of some that if anything goes wrong, just junk the whole thing. We feel that it is a very important matter, and in one way or another if we can pursue something that is constructive and that is in our interests, we will do so.

Q. Can I follow that up just to point out that at the next meeting you had with the Soviet Foreign Minister, you insisted that that be the only topic of the agenda. Why are you not doing that in this case?

A. We had a very stormy session—

Q. That's right.

A. —in Madrid, and I insisted that that was first and foremost on the

agenda, and I think that was the appropriate thing to do. Subsequently, we met in Stockholm, and we returned to our more normal form of discussion, and I think that was appropriate. So what your question points up is the great difficulty in managing this relationship, because you can predict that from time to time—you can't say exactly when—something is going to happen that causes great concern, outrage, difficulty, on one side or the other of this relationship and to us.

And at the same time we know—we don't need to remind ourselves—that the Soviet Union is a big, important country. It is a heavily armed country, and to the extent that we can find our way to a more constructive relationship, to the extent that we can find our way to a diminution in these levels of lethal nuclear armaments, then that is to our advantage, and to the advantage of people all around the world. So we have to work in a very difficult kind of environment.

Q. A question from the recent past. It's now widely accepted that Saudi Arabia contributed at least \$30 million to the *contra* account during a time when there was no official U.S. money going to them. The State Department, I believe yourself, certainly Mr. Murphy [Assistant Secretary for Near Eastern and South Asian Affairs Richard W. Murphy], often denied that this was the case, or certainly that they had any knowledge of it.

Have you determined in the meantime how that arrangement came about, at what level in the Administration, and also why you weren't told about it?

A. That and countless other things connected with the episode we describe as the Iran-*contra* affair is being investigated by a variety of groups. We are cooperating in that investigation. I have said from the beginning what I know about the subject to the various congressional and other investigating groups and will continue to do so, and they will bring forward whatever they find on that subject, I'm sure. And in the meantime I'll await their findings.

¹Press release 80.

²On April 9, the Department spokesman issued the following clarification: "In fact, the number of Seabees has varied widely, ranging from an average number of 5 in 1979 at the beginning of the project, to an average number of 35 during 1984, to lower numbers following the removal of Soviet construction workers (10 in 1987). In addition to Seabees, FBO construction foremen and personnel, as well as State security officers, have also been present at the site." ■

AFRICA

Visit of Kenyan President



(White House photo by Pete Souza)

President Daniel T. arap Moi of the Republic of Kenya made an official working visit to Washington, D.C., March 11-14, 1987, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and President Moi after their meeting on March 12.¹

President Reagan

It has been my great pleasure to welcome and confer with an old friend and one of Africa's leading statesmen, President Daniel arap Moi of Kenya.

Under President Moi's leadership, Kenya has enjoyed economic development and political stability. With an admirable sense of purpose, he has guided his people and country successfully through some very trying times. Probably no other nation in Africa, for example, handled the severe drought of 1984 as well as Kenya under President Moi's guiding hand. It was testimony of his competence and commitment.

I previously met President Moi when he visited the United States in 1981.

Vice President Bush visited Kenya in 1982. And just recently, Secretary Shultz spent several days in that country. These top-level exchanges reflect the high value we place on our friendship. Over the years since independence, Kenya has been a success story, an example for all of Africa to follow. Internationally, it has been a moderate, wise, and constructive member of the family of nations. Bilaterally, our two countries have had exemplary relations. Our peoples share a commitment to the principles of representative government, private ownership, and individual freedom.

I personally look to President Moi as a friend and a trusted counselor on international issues, especially those concerning Africa. We've just completed a most productive 2-hour discussion which covered a full range of bilateral issues as well as a number of African and international items of mutual interest. We also discussed budget restraints in the United States and the implications for Kenya of overall reduced aid levels—how we could best cope with them and still meet our commitments to one of America's

staunchest friends in Africa. We agreed on the urgent need to attract more foreign investment to Kenya and discussed ideas on how that could best be accomplished.

President Moi, during the course of the next few days, will be meeting with a host of government and private sector leaders. I'm happy to report that as he embarks on the remainder of this busy and important visit, U.S.-Kenya relations, building on a long history of mutual friendship and respect, are healthy and vibrant. We are honored and pleased to have you here.

President Moi

Thank you very much. Ladies of the press and gentlemen of the press, in our meeting I explained to President Reagan that Kenya has invested in its future in freedom. We cherish democracy and the rule of law, as enshrined in our Constitution. Kenya has managed to establish a stable economy and political system that has worked well. Today Kenya is among the few African countries which have food surplus. We came to Washington to express our friendship and to strengthen our cooperation for the mutual benefit of our two countries.

Kenya's proud of its cooperation with the United States of America. We invite American businessmen and industrialists to invest in Kenya's thriving economy. I assure you all that we have created the necessary infrastructure to absorb American investment.

Our discussions with President Reagan today covered many subjects, including the economic and political situation in eastern and southern Africa. We welcome the major initiative which you, Mr. President, have taken on the economic problems facing the Continent of Africa. Kenya, in a modest way, has pursued the policy of giving incentives to farmers. And agriculture is assuming the highest priority it deserves. This is what has enabled us over the years to provide enough food to feed the increasing population.

In the course of our discussion, I reminded President Reagan that in South Africa, the values of human dignity our two countries cherish are being abused daily. An end to apartheid is inevitable, and the sooner it comes, the less will be the bloodshed and violence. The world community, in general, and in Africa, in particular, looks upon the United States for a deeper commitment to this cause.

¹Made at the South Portico of the White House (text from Weekly Compilation of Presidential Documents of Mar. 16, 1987). ■

The Success of the Antarctic Treaty

by John D. Negroponte

Address before the 11th annual Center for Oceans Law and Policy seminar in Charlottesville, Virginia, on March 27, 1987. Ambassador Negroponte is Assistant Secretary for Oceans and International Environmental and Scientific Affairs.

It's not often that one gets to address such an august and distinguished body of experts on polar issues. But, more importantly, given the topic of my speech—Antarctica—it's not often that the Department of State is allowed to speak on such a clearly successful treaty. The Antarctic Treaty has been in force for over a quarter of a century, and it has worked. It has lived up to some of the noble goals that we usually use to describe treaties which we negotiate, and, more importantly, it has responded successfully to various threats and challenges to its existence. Not that those threats have gone away. They remain, and I shall address them later.

But if we read sections of the preamble to the treaty which sets forth our goals, I think you will have to agree that, so far, we have fulfilled them. One states:

...that it is in the interest of all mankind that Antarctica shall continue forever to be used exclusively for peaceful purposes and shall not become the scene or object of international discord.

Another declares:

...that a treaty ensuring the use of Antarctica for peaceful purposes only and the continuance of international harmony in Antarctica will further the purposes and principles embodied in the Charter of the United Nations.

How many other treaties can stand examination after 25 years, and declare themselves still faithful to their goals?

The Antarctic Treaty and treaty system stand as a remarkable example of international cooperation. Through their operation, Antarctica is an effective zone of peace—is, perhaps, the only region of the planet in which one can say that the principles and purposes of the UN Charter have, in fact, been realized in practice.

Foundation Stone for Peaceful Progress

Mention of the UN Charter brings me to one of the current major challenges to

the treaty. Some UN members have questioned the right of self-chosen nations to act as protectors of the Antarctic; they have questioned the "exclusivity" of the membership.

Let me set the record straight on this point. There are now 35 states party to the treaty; more than half of them are consultative parties. The fact that only 12 states signed the treaty at its inception makes the obvious point: the treaty is an open one. And a look at the membership makes that point all the more clearly. It is diversity in spades: developed countries and developing ones; Western democracies and Eastern-bloc nations; nonaligned countries, including a healthy representation of the so-called Third World. Some of the more recent adherents demonstrate this. With the accession of India, China, and Brazil, Antarctic Treaty members now represent about two-thirds of the world's population. If this is a "rich-nations-only" club, I'm sure the populations of those countries would be surprised to learn it.

Of course, mere diversity is no measure of success. The point is that, in spite of the diversity, there has been consensus and there has been progress. It has frequently not been all sweetness and light, but how many other accords have allowed the Argentines and the British to continue to cooperate during their recent imbroglio—or ourselves and the Soviets, for that matter? It is a truly international cooperative agreement, and under it, there have been major successes.

First, the treaty is a major arms control agreement. It bans all military activities, including the testing of weapons, in Antarctica as well as prohibiting nuclear explosions and the disposal of radioactive wastes there. And it allows unrestricted inspections to ensure compliance.

Second, the treaty has allowed peaceful scientific research and cooperation. It grew out of the cooperation of the International Geophysical Year in 1957–58, and it has continued this tradition.

Third, it has done so in spite of conflicting territorial claims. Seven nations claim a part of the continent, and some of these claims overlap. But the treaty puts these claims "on ice," if you will allow the pun. In a wonderfully imaginative stroke, article IV of the treaty allows the activities in Antarctica to go

forward, in spite of the territorial claims of some and the lack of assertion or recognition of claims by others. This precedent in itself is a remarkable achievement: it is the foundation stone for peaceful progress in Antarctica.

Last but not least, the treaty parties have succeeded in cooperating in respect to this ice-covered continent, in spite of frequent and often acute bilateral differences between them on other matters. What could demonstrate this more clearly than the recent accession of both North and South Korea to the treaty?

As I noted earlier, the treaty embodies much of what the UN Charter espouses. One can only wonder at the motives of countries who would carp at that success.

The Challenge of Managing Resources

There is another threat to the successful operation of the treaty, and that is the challenge of managing resources. In Senate testimony for the treaty years ago, noted geologist and Antarctic expert Dr. Larry Gould observed:

I would not give a nickel for all the mineral resources I know in Antarctica. The point is we don't know and to predicate a program or to presume that vast resources are there is nonsense.

Frankly, I haven't seen any more accurate estimates of the mineral wealth of Antarctica, but, of course, the point is that technological developments now mean that resources which are economical to extract may well be there, and Antarctic Treaty members need to address all the problems posed by their presence.

Two of the hallmarks of the Antarctic Treaty system are its anticipatory and flexible qualities. In response to other resource problems in Antarctica, two separate treaties were negotiated. These are the 1972 Convention for the Conservation of Antarctic Seals, which establishes measures and mechanisms to deal with the possible initiation of commercial sealing in Antarctica; and the 1980 Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR), which establishes the legal obligations and mechanism for dealing with fishing activities in the waters around Antarctica. Treaty members recognized that resource agreements were necessary, and they negotiated them. It is this same responsiveness which brought about the current minerals negotiation. It is clear that all the good qualities of the Antarctic

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system are being tested by these minerals negotiations, which will represent a further successful evolution of the treaty system.

We seek an agreed international system for dealing with mineral resources activities to ensure that the full range of our Antarctic interests, including protection of the environment, are met. Mineral resource activity could, if unregulated or if undertaken without an agreed system for its management, become the source of environmental degradation, international discord, or conflict in Antarctica. We seek the successful conclusion of the Antarctic mineral resource negotiations not only from the perspective of satisfying our mineral resource interests but also from the perspective of preserving the treaty and consolidating and expanding the achievements of the Antarctic Treaty system, which has maintained the region as a zone of peace for a quarter of a century.

I do not want to repeat what I said earlier about those who suggest that the United Nations is the appropriate venue for the Antarctic issues, but I will say this: the Antarctic Treaty system offers the best available and probably the only viable framework for successful development of a system to deal with possible mineral resource activities in Antarctica. In making this statement, I would reemphasize the point that any such system must itself be an open one. It must accord the right to any of its parties—to any participant that so chooses—to undertake mineral resource activities. And any new entrants that undertake such activities should become fully involved in the decision process of the system.

Any discussion about resources in Antarctica goes to the heart of what that huge continent is all about—the environment. The United States is a leader in both Antarctic and international environmental affairs. We intend to continue to do what we can to protect the environment and the ecological systems of Antarctica and the surrounding oceans. I am reminded of the *New Yorker* cartoon showing a scene from the UN General Assembly, and behind the nameplate labeled "Antarctica" sits a penguin. Alas, the penguins have no vote. But I like to think the Antarctic Treaty system votes for them, or at least takes their well-being into account.

Addressing Administrative Challenges

A further challenge to the Antarctic Treaty is the one posed by the mere

growth of interest in and curiosity about Antarctica. More people are going to Antarctica to do research or just to visit, and more countries are involved, sending expeditions and setting up research stations. The South Koreans, for example, who acceded to the treaty last November, have just expressed their intention to build a permanent station there.

This increase in attention has created problems for Antarctica and for the administration of the treaty, and I would like to wind up my talk with a few observations and suggestions on these problems.

First, we must anticipate increasing diversity in the uses of Antarctica. As large as the continent is, there are relatively few areas of access to it. There are already signs that action may be needed to deal with concentration of activities. The United States and other treaty parties must do more work on measures to prevent overconcentration and mutual interference of activities, as well as to avoid damage to the environment. Wherever possible, we should pool our scientific efforts and facilities. We must also develop practices and policies which prevent multiple uses from developing into conflicts. This will, over time, necessarily involve consideration of land-use concepts for areas of Antarctica. It may also require coordination and cooperation in the location and use of stations and other scientific support facilities on the continent. In sum, it is time for the United States and the other parties to the treaty to lay the groundwork for a more coordinated approach to managing human activity in Antarctica.

Second, growing complexity of interests and issues means the Antarctic parties must reexamine their practices to ensure that the treaty continues to be dynamic and responsive to changing problems. I spoke earlier of the flexibility of the treaty as one of its hallmarks. I think it needs some now.

Treaty members need to think about greater cooperation with other international organizations, about more information-sharing, and possibly even about more structure to the treaty's administrative function. In short, the time may have come for the Antarctic Treaty Consultative Parties to begin behaving more like the significant international organization that it is. For example, greater efforts are needed to expand the availability of information on activities and achievements. There is a need to "get the word out," so to speak, about the good things the treaty does

and about what 25 years of cooperation has produced.

The treaty itself foresees the establishment of cooperative working relationships with international organizations having a scientific or technical competence in Antarctic matters, including the specialized agencies of the United Nations. The complexities of Antarctic activities make it necessary that the parties to the treaty take advantage of the expert knowledge and experience available to a number of other international bodies. As a first step, I think it is important that the treaty parties invite relevant international organizations to participate as observers at their meetings. The Antarctic marine living resources agreement—the CCAMLR—allows this, and so should this treaty.

Finally, I believe that the time may have come for the parties to address the possibility of a secretariat. As it stands now, the host country of the biennial meetings provides this function. But with the growing number of participants in the treaty system, the growth in the amount and extent of activities in Antarctica, and the growing interrelationships between treaty parties and other international bodies, we should, perhaps, consider a more formal structure for the treaty consultative mechanism. While this development should, perhaps, proceed in a modest fashion, it is important that we launch the process of that development soon—specifically, at the 14th Antarctic Treaty Consultative Meeting this coming October.

Conclusion

As we take stock of the political, resource, and administrative challenges faced by the Antarctic Treaty system today, I believe we can take considerable satisfaction from the successful international cooperation which has occurred for almost 30 years. Under the terms of the treaty, the document will be open to review by the signatories in 1991. The fact that the document can be amended is not to suggest that it must necessarily be subjected to change. There is a school of thought—with which I happen to associate myself—which holds that an eminently successful basic charter such as the Antarctic Treaty should only be modified in the most compelling of circumstances. I see no such situations on the horizon. To be sure, there are serious problems to be managed and new challenges to be faced; but I am convinced that both the fundamental spirit and basic structure which shaped our approach to Antarctica a generation ago can and should persist into the next century. ■

Interpreting the ABM Treaty

by Paul H. Nitze

Address before the Johns Hopkins University School of Advanced International Studies on April 1, 1987. Ambassador Nitze is special adviser to the President and the Secretary of State for arms control matters.

Central to the arms control portion of today's foreign policy debate is the question of how the limitations in the ABM [Antiballistic Missile] Treaty apply to strategic defense development and testing activities. This debate has focused on two alternative interpretations of treaty obligations, the so-called broad and narrow interpretations. This issue of interpretation arises because the language of the ABM Treaty is ambiguous in its treatment of certain advanced technologies being investigated by both the U.S. SDI [Strategic Defense Initiative] program (including laser, particle beam, and kinetic energy devices and passive sensors) and by the Soviet Union.

When the language of a treaty is ambiguous, compilations on international law say that, in interpreting the treaty, reference can be made to the treaty negotiating record and the record of subsequent practice of the parties pursuant to the treaty. The Senate proceedings leading to the treaty's ratification also bear on this matter.

An Administration analysis of the ABM Treaty negotiating record has been made available to the Senate. On the basis of that analysis, President Reagan concluded that the broad interpretation was fully justified. We continue to support that conclusion.

Six weeks ago, President Reagan directed that comprehensive analyses also be conducted of the other two bodies of evidence that may bear on the proper interpretation of the treaty—the record of subsequent practice of the two parties and the U.S. treaty ratification proceedings. These studies should be completed by April 30. The Administration will consult fully with the Congress on the results of the studies and the implications of all three analyses for the future conduct of the SDI program.

As the debate on ABM Treaty interpretation continues, it is important to make clear the parameters of the issue. I will try to do so and to clarify as well

why my recollection of the ABM Treaty negotiations, reinforced by my review of the negotiating record, leads me to believe that the limits posited by the broad interpretation are all that the Soviet negotiators agreed to in a manner binding on themselves.

Nature of the Dispute

Most of the ABM Treaty, as it bears upon the SDI program, is not in dispute. The issue between the broad and the narrow interpretation relates to the fact that, at the time the treaty was negotiated, all ABM systems then deployed or contemplated for deployment were based upon a combination of ABM interceptor missiles, launchers for those missiles, and ABM radars. The broad versus narrow issue concerns only the development and testing of systems based upon physical principles other than those involved in such ABM interceptor missiles, launchers, and radars, and of the components of such systems.

The current debate poses no issue with respect to the deployment either of components or of systems based upon other physical principles; all are agreed that deployment of such components or systems is not permitted without prior consultation and amendment to the treaty. Thus, the basic principle of the treaty—that, without amendment to the treaty, neither side may deploy systems or components except as provided in article III—is not in question. There is also no issue with respect to research; the word "research" is nowhere used in the treaty.

With respect to testing, the issue does not apply to the testing of components of fixed, ground-based ABM systems at an agreed test site or deployment area, regardless of whether an interception occurs in space or in the atmosphere. Article IV permits such testing. The issue also does not apply to testing of systems based on other physical principles that are fixed and land based. The issue concerns only tests of mobile (including space-based) systems based upon other physical principles and their components able to substitute for ABM interceptor missiles, ABM launchers, or ABM radars.

Under the narrow interpretation, such tests would not be permitted because that interpretation would

require the substitute component to be fixed, land based, and at an agreed test range or deployment area. Under the broader interpretation, they would generally be permitted, even if mobile (including space based).

Provisions of the Treaty

To aid in understanding the interpretation issue, it is useful to have in mind the pertinent provisions of the treaty. The following is a condensation of those provisions; the full text is, of course, available to those who prefer to consult it.

Article I of the treaty prohibits deployment of ABM systems for a territorial defense and providing a base for such a defense. It also prohibits deployment of ABM systems for defense of an individual region except as provided in article III. Article I thus limits deployment, not testing, and limits ABM systems, not ABM components.

Article II defines an ABM system as "a system to counter strategic ballistic missiles or their elements in flight trajectory, currently consisting of": ABM interceptor missiles, which are missiles constructed and deployed for an ABM role or of a type tested in an ABM mode; ABM launchers, which launch ABM interceptor missiles; and ABM radars, which are radars constructed and deployed for an ABM role or of a type tested in an ABM mode. These are the components essential to all ABM systems being deployed or developed in 1972.

Article III states that no ABM systems or components may be deployed other than those ABM missiles, launchers, and radars it specifically allows. The article then specifies the areas in which ABM systems or their components may be deployed and the number that may be deployed in those areas.

Article IV exempts from the limitations of article III ABM systems or their components used for development or testing and located within agreed test ranges.

Article V prohibits the development, testing, and deployment of sea-based, air-based, space-based, and mobile land-based ABM systems and ABM components.

Article VI, paragraph (a), prohibits giving non-ABM missiles, launchers, or radars an ABM capability or testing them in an ABM mode.

Agreed Statement D, to preclude any ABM system deployment except as explicitly permitted by article III, pro-

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vides that if ABM systems based on physical principles other than those used for ABM components in 1972—including components capable of substituting for ABM interceptor missiles, ABM launchers, or ABM radars—are created in the future, specific limitations on those systems and components would be subject to discussion in accordance with article XIII and agreement in accordance with article XIV.

The interpretation dispute centers on the question of which of these provisions apply to mobile systems based on other physical principles, including mobile components capable of substituting for ABM components.

The narrow interpretation maintains that article V applies to all mobile ABM systems and components, even if they are not components as defined in article II and regardless of the physical principle involved. Mobile systems based on other physical principles and their components capable of substituting for conventional ABM components thus would be captured by the article V ban on testing and development.

The broad interpretation is that Agreed Statement D is the only part of the treaty dealing with systems based on other physical principles and their components and that Agreed Statement D allows both parties to create—i.e., to develop and test to the point of “creation”—such systems and components but not to deploy them.

I remain convinced that though the U.S. negotiators, including me, attempted to achieve a ban on the development and testing of space-based and other mobile devices capable of substituting for ABM components, we failed to do so with the degree of certainty that is necessary for important international agreements. All we achieved, in a form the Soviets would consider binding on themselves, was a ban on deployment, not on the creation of such systems and components.

The Negotiating Record

The negotiating record of the ABM Treaty is classified, like that of other treaties. Therefore, I cannot cite it specifically in these remarks. Instead, I will describe my own recollection of the course of the treaty negotiations, in which I was intimately involved, as refreshed by my recent review of the record.

The United States unquestionably sought to regulate comprehensively not only the three components defined in

article II—that is, ABM interceptor missiles, ABM launchers, and ABM radars—but all devices that could substitute for those components. In the provision that ultimately became article V, we sought to prohibit the development, testing, and deployment of space-based or other mobile ABM missiles, ABM launchers, ABM radars, and other devices to perform the functions of these components.

The Soviet draft treaty also contained an absolute ban on development, testing, or deployment in space, but the Soviets explicitly limited its application to missiles, launchers, and radars, and they repeatedly opposed having the treaty cover devices other than those components. They pointed out that it was impossible to know what the components of a system based on a technology not then employed would look like, how they could be defined, and how they should be regulated.

After considerable back-and-forth on this issue, the Soviets proposed a change in article V and assured the U.S. negotiators that the new language would apply to any type of future component. We agreed to this change.

The Soviet assurance appeared to achieve part of the U.S. objective, in that it included coverage of future ABM missiles, launchers, or radars. But the change we accepted in this provision resulted in the deletion, at Soviet insistence, of the U.S. language expressly covering substitute devices for such components.

At the same time, the Soviets had on the table a draft of article II that defined an ABM system as one that consisted of the three conventional components—i.e., ABM interceptor missiles, ABM launchers, and ABM radars. Furthermore, the Soviets continued to argue, with respect to the U.S. effort to regulate substitute “devices,” that they opposed in principle attempts to regulate the unknown.

Although this argument was repeatedly made and remained a central issue in the negotiations, we U.S. negotiators did not seek to confirm that the Soviets had, in fact, agreed to regulate unknown devices in article V. Had we done so, it would have been entirely consistent with the Soviet position for them to have reminded us that the language concerning “devices” had been deleted from article V and to have stated that they had agreed to regulate only future “components,” which they had defined in their draft of article II to consist of ABM missiles, launchers, and radars. Indeed, given the subsequent events, any other outcome seems implausible.

As the negotiations continued, the Soviets accepted a U.S.-proposed compromise on article II that added the phrase “currently consisting of” in front of the list of ABM components. It has been argued that this revision of article II could be considered to have expanded the Soviet commitment in article V to encompass substitute devices. This claim is contradicted, however, by the fact that the Soviets accepted the revision only after we explicitly assured them that the coverage of substitute devices would be settled elsewhere than in article II.

After article II was negotiated, the Soviets still continued to oppose attempts to regulate substitute devices. They suggested that if systems or components based on other physical principles were created in the future, we should discuss the matter in the Standing Consultative Commission to be created under article XIII. We asked them what would happen if it were impossible to achieve agreement. They suggested either side could then withdraw from the treaty. I, among others, said I believed that would be too extreme a remedy. This led to Agreed Statement D, in which the Soviets agreed, in effect, that after such devices were “created,” their deployment would be permitted, if at all, only after discussions and agreement.

Some proponents of the narrow interpretation recall that a Soviet negotiator made an oral statement in January 1972 to the effect that Agreed Statement D specifically permitted the sides to develop and test—but not to deploy—stationary futuristic systems. Assuming such an oral statement was made, it would confirm that Agreed Statement D does, indeed, contemplate the “creation” of components based on other physical principles and that “creation” was recognized to include development and testing. But would such an unrecorded oral statement be considered by the Soviets to be binding on them to the extent of barring them from creating nonstationary components, a point the statement did not address?

The Soviets did agree at one point to one aspect of the American position concerning future, substitute components. But their agreement followed the reading by the U.S. side of a carefully prepared position paper that proposed only that the parties agree to ban the deployment, not the development or testing, of such future substitute

systems or components. Furthermore, nowhere did the paper mention a distinction between fixed, land-based substitutes and substitutes based in space or elsewhere. Nor does Agreed Statement D reflect such a distinction.

In the absence of a definition of what would distinguish a "component" of a system based upon other physical principles from an "element," or noncomponent, of such a system, a limitation on development or testing of components would be difficult, if not impossible, to apply in a rigorous, consistent, and verifiable manner. This is a problem we are beginning to face today.

Soviet scientists tell us they are planning a space probe which will have on board both a laser of some power and a particle beam device. They propose to test these devices against one of the moons of Mars, called Phobos. They say the purpose of the test is to knock pieces off the moon's surface and thereby determine the characteristics of that surface.

It would be difficult to prove that the power, brightness, and tracking and aiming characteristics of these devices are such as to demonstrate that the devices have the capability to substitute for ABM components. A similar problem arises with mirrors capable of reflecting and focusing laser or other directed energy beams. Under what conditions would such a mirror satisfy the definition of being "capable of substituting for" an ABM interceptor, ABM launcher, or ABM radar?

The treaty language is of little help in answering such questions. Agreed Statement D does not define components capable of substituting for ABM interceptor missiles, launchers, or radars. It states only that if such components, or systems based on them, are created in the future, they be subject to discussion in the Standing Consultative Commission and be deployed only after appropriate amendment to the treaty.

In the case of non-ABM missiles, launchers, and radars, article VI(a) provides that they not be given capabilities to counter strategic ballistic missiles or their elements in flight trajectory and that they not be tested in an ABM mode. This article, of course, does not apply to devices which are not missiles, launchers, or radars.

In sum, my recollection of the negotiating process leaves me convinced that the Soviets agreed in a binding manner to prohibit only the deployment, not the creation (i.e., the development and testing), of systems based on other

physical principles and their components capable of substituting for conventional components as defined in article II, regardless of basing mode.

Soviet Interpretation of the Treaty

While arguing against the broad interpretation of the ABM Treaty, Soviet officials also place great emphasis on article I of the treaty and what they claim are that article's implications for SDI.

The Soviets note that article I prohibits both deploying ABM systems to defend a country's territory and providing a base for such a defense. They claim that SDI, particularly as it relates to space-based ABM systems, is providing a base for a national territorial defense and that, therefore, SDI violates article I.

This argument is contradicted by views previously expressed by the Soviet side. In a major statement before the Soviet Presidium in 1972, shortly after the ABM Treaty was signed, then-Soviet Defense Minister Grechko stated that the treaty "places no limitations on the performance of research and experimental work aimed at resolving the problem of defending the country from nuclear missile strike." Grechko's view thus explicitly contemplates that the sides are free to conduct a strategic defense program like that being done by SDI and by the similar Soviet program.

Grechko's statement is not, however, an unambiguous rejection of the narrow interpretation. My conclusion that the Soviets were unwilling to agree to the narrow interpretation is based on our lack of success in securing Soviet accept-

ance during the negotiations of language which would have made that interpretation clear.

Conclusion

In October 1985, when the executive branch announced the results of its review of the negotiating record, we stated as well that although we considered the broad interpretation to be fully justified, we would continue, as a matter of policy, to carry out the SDI program as originally structured, which is consistent with the narrow interpretation. The program remains so structured today.

It is also true, however, that progress in the SDI program has been such that the cost of remaining within the narrow interpretation, in terms of time and expense, is rising. The managers of the program would like to conduct it as efficiently as possible, within our treaty obligations.

We recognize, though, that all three of the pertinent bodies of evidence must be weighed. That is the process on which we are embarked.

As I stated earlier, after our analyses of the record of subsequent practice and of the ratification proceedings are completed, we will share them with the Congress, as we have our analysis of the negotiating record. We will then begin a series of consultations designed to reach a fuller understanding of the treaty interpretation question and to establish guidelines for SDI development and testing activities that will continue to merit congressional, allied, and public support. ■

New Prospects for Agreement in INF and START

by Edward L. Rowny

Address before the Panhandle Tiger Bay Club in Pensacola, Florida, on March 20, 1987. Ambassador Rowny is special adviser to the President and the Secretary of State on arms control matters.

I appreciate this opportunity to discuss new developments in arms control with leaders in Pensacola, a community so deeply involved in our national defense.

You could not have chosen a more active time in the arms control process than now to discuss it. In recent weeks, it has become increasingly clear that an agreement to reduce intermediate-range nuclear forces (INF) may be within reach. The Soviets, having insisted at Reykjavik upon artificially linking this class of weapons to other arms control issues, have now removed the self-imposed obstacle. In their joint statement following the November 1985 Geneva summit, the President and

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General Secretary Gorbachev agreed to accelerate progress in areas where common ground already had been identified. The two most important areas were an interim agreement on INF and a 50% reduction in strategic arms. Recent evidence suggests that the Soviets may be earnest about carrying out half of their commitment and may move toward an agreement on INF.

Accordingly, on March 3 of this year, President Reagan instructed our negotiators in Geneva to lay down a draft treaty on INF. Our treaty follows the formula on which President Reagan and Mr. Gorbachev agreed at their meeting in Iceland last October. It calls for reductions to an interim global ceiling of 100 warheads on U.S. and Soviet longer range INF missiles (LRINF), with none in Europe. It also provides for constraints on shorter range INF missiles and for strong, effective verification measures.

I want to talk about some of the factors that have brought us to this hopeful new moment in the INF talks. But I want to focus on the importance of reductions in strategic offensive arms. We must not lose sight of the other half of the commitment made at the Geneva summit—accelerating progress toward 50% reductions in strategic arms. Such reductions would get to the heart of the strategic balance between the United States and the Soviet Union—the large and increasingly accurate intercontinental ballistic missiles.

At Reykjavik last year, President Reagan and Mr. Gorbachev were making good progress on both strategic arms and INF reductions when Mr. Gorbachev abruptly brought the process to a halt. Believing he had an opportunity to stampede the President into killing the U.S. Strategic Defense Initiative (SDI), Gorbachev demanded that any agreements on INF or strategic arms reductions be linked to severe restrictions on SDI. President Reagan refused to make such a concession—an action which was met with immediate and tremendous support from the American people. Seventy percent of the people polled throughout the United States in the week following Reykjavik said the President was right in not sacrificing SDI in order to make progress.

Rewards of U.S. Firmness and Patience

Now, just 5 months after Gorbachev's attempt to hold the INF and START [strategic arms reduction talks]

agreements hostage to restrictions on SDI, he has allowed the INF process to move forward again. The United States, in the meantime, maintained its position with calm and firmness. We remembered our objective, were mindful of the differences between our political systems, and were careful not to be misled by apparent concessions. Above all, we remained patient.

Thirteen years of face-to-face negotiations with the Soviets have led me to formulate a set of key principles for success in this process. I wish to emphasize four of these principles and the lessons they offer concerning progress made since 1981 in both the INF and START negotiations.

The first rule for negotiating is to remember the objective. Throughout the nuclear age, America's interest in arms control has been to reduce the risk of nuclear war by maintaining a credible deterrent. This has required the determination to continue to seek stabilizing arms reduction agreements, as well as the will to modernize strategic and theater forces in the face of the unrelenting Soviet buildup of its offensive forces.

The objective of preserving our freedom also requires that we keep our strategic thinking in step with our adversary's relative strength and with our technological abilities to make deterrence safer. President Reagan's Strategic Defense Initiative is a major effort toward answering these challenges. SDI promises a far safer, new strategic balance of offensive and defensive systems; we cannot let it be tossed away as a "bargaining chip."

In the INF talks, we have held fast to the pursuit of our objective of accomplishing deep and verifiable reductions leading to total elimination of this class of weapons. At the same time, we have been careful not to allow ourselves to be manipulated by the Soviets into estrangement from our allies in Europe and Asia. In START, we never have wavered from our purpose of gaining deep, balanced, and verifiable reductions in the most powerful and threatening of all nuclear systems—intercontinental ballistic missiles.

A second precept for success in dealing with the Soviets is to be mindful of the differences between our political systems. It is obvious—but the obvious is often overlooked—that the two nations' political structures are fundamentally different. I can assure you that Soviet negotiators carefully study our democratic system. They learn its

strengths and how to counter them; they learn its weaknesses and how to exploit them. Gorbachev has been especially adept at using his experts for making "American studies" on which to formulate his arms control public diplomacy strategy. Because they recognize the commitment we have to our ideals, the Soviets know too well that our pluralistic society is susceptible to external influence—and sometimes outright manipulation. They especially like to appeal to our notions of good will and reciprocity through our news media.

President Reagan's leadership has given new vigor to America's sense of its constructive role in the world. Beginning with his first major speech on U.S.-Soviet relations, in 1981 at the University of Notre Dame, the President has compellingly and courageously spoken out to refute the pervasive fallacy of "moral equivalence between the superpowers." The President has shown he understands potential American weaknesses as well. A persistent theme of his presidency has been the effort to renew the spirit of facing external dangers with bipartisan unity. This year in his State of the Union address, the President warned in the strongest terms against partisan attempts to weaken American diplomatic efforts. "Enacting the Soviet negotiating position into American law would not be the way to win a good agreement," he observed. "So I must tell this Congress that I will veto any effort that undercuts our national security and our negotiating leverage."

I like to describe a third requirement for negotiating with the Soviets in terms of the classic warning, "beware of Greeks bearing gifts." The Soviets only grudgingly acknowledge the necessity of making trades; they consider compromise a weakness. When they offer to move toward our positions, it is always necessary to ponder their motives, to ask what gain they perceive for themselves. This does not imply the cartoon image of "if they accept our proposal, it must be wrong." It is only to suggest that we must periodically and skeptically examine the validity of our positions.

Gorbachev is a master of timing for public relations effect. He demonstrated this, for instance, in his announcement 3 weeks ago, on February 28, of a willingness to move toward an INF agreement and drop his insistence on linking INF to strategic and defense talks. To the American public, which was preoccupied at the time with the Tower commission's critical findings on the

management of our national security policy, Gorbachev was able to appear forthcoming while, at the same time, strong, perhaps even magnanimous.

On the European front, it is also interesting to observe the timing of some recent Soviet public relations moves in relation to the ongoing East-West meeting in Vienna of the Conference on Security and Cooperation in Europe. Soviet Foreign Minister Shevardnadze used his opening speech at the conference as the occasion to announce a new, supposedly more liberal Soviet emigration law. By the same token, Moscow's announcement of Andrey Sakharov's release from internal exile was timed for the morning of the closing day of the first round of the Vienna meeting. This may well have been more than a mere coincidence. In any event, the Soviets reaped a propaganda bonanza that day in Vienna, as many Western delegates rose to "welcome" the Soviet gesture.

Gorbachev's keen sense of timing for appealing to public sentiment again was demonstrated by his recent INF announcement at a moment of crisis in West European public perceptions of U.S. leadership. Gorbachev understands that he is playing for very high stakes in his overtures to Western Europe; his aim is to decouple the United States from its European allies. Such a turn of events would fundamentally change the strategic relationship.

My fourth principle for successful negotiation with the Soviets is that we must, above all, be patient. Moscow places arms control in a larger context than we do. The Soviets are prepared to wait for opportunities arising from rifts within and among the democracies. Seeking to exploit these opportunities, the Soviets try to create shifts in what they call the "correlation of forces" that serve their political ends. The United States and our allies can maintain negotiating credibility with the Soviets, therefore, only when we follow through on our commitments. Only when the Soviets are persuaded, after long probing, that the West is determined to keep its defenses strong do they move to conclude agreements.

The West's record of patience and followthrough on INF is clear and should be credited with stimulating the Soviet decision to de-link INF and SDI. We kept our 1979 "dual track" commitment to introduce longer range INF in European NATO—in answer to an unprecedented Soviet buildup of SS-20s—while

PRESIDENT'S STATEMENT, APR. 23, 1987¹

Today marks the opening of the next session of negotiations between the United States and the Soviet Union on intermediate-range nuclear forces (INF), one of the three elements of the nuclear and space talks in Geneva. The United States returns to these negotiations determined to build on the progress made during Secretary Shultz's meetings in Moscow last week. Although a number of central issues require resolution and much remains to be negotiated, prospects for an INF agreement have moved forward.

The basic structure of an INF agreement—the nature and level of longer range INF (LRINF) missile reductions—was agreed upon by General Secretary Gorbachev and myself at Reykjavik and is reflected in the draft treaty text presented by U.S. negotiators last month. This calls for reductions to an interim global ceiling of 100 warheads each on U.S. and Soviet land-based longer range INF missiles, with none in Europe, along with concurrent global constraints at equal levels on shorter range INF (SRINF) missiles and provisions for effective verification. The United States and our NATO allies continue, however, to prefer a zero LRINF outcome—the elimination of this entire class of missiles.

One of the central issues remaining to be resolved is that of shorter range INF missile systems. We and our allies have long sought appropriate global constraints on SRINF in an initial INF agreement. The Soviets earlier agreed that they would include constraints on SRINF in an initial INF agreement, but they now appear to wish to deal with SRINF both within an INF agreement and in a separate negotiation.

stating our willingness to negotiate their elimination if the Soviets eliminated their SS-20s. When the time came for installation of ground-launched cruise missiles and Pershing IIs in Western Europe, the allies withstood a massive, Soviet-fueled propaganda campaign. Our allies refused to be bullied into making concessions simply because the Soviets

INF Talks Resume

During Secretary Shultz's recent meetings in Moscow, the Soviets made explicit that their position in separate SRINF negotiations would be a zero outcome, and they suggested that this would be on a global basis. Much of the Soviet position remains to be elaborated, however, and we hope this will be done during the coming round. Meanwhile, we are already consulting closely with our allies on this issue and are in touch with congressional leaders as well.

It is U.S. and allied determination to maintain our security, which I continue to view as indivisible, that has given us this opportunity to achieve a historic agreement which, for the first time, would actually reduce nuclear weapons. Ambassador Glitman, [Maynard W. Glitman, U.S. negotiator at the INF talks] and the members of the U.S. delegation have been doing a fine job in this endeavor, and they continue to have my strongest support.

Verification is another central issue that must be resolved. We cannot make progress on this fundamental issue until the Soviets respond in detail to the comprehensive verification proposals which the United States has already made in Geneva. Verification would be facilitated if the Soviets were to accept a global zero outcome for LRINF. This is the preferred outcome of the United States and our allies, and we will continue to seek Soviet agreement to it.

As we return to these talks, we are hopeful but also realistic. We know that there are a number of issues whose resolution will demand considerable hard bargaining. But, working closely with our allies in Europe and Asia, we are ready to do our part and hope that the Soviets are returning to the table with similar resolve.

Text from Weekly Compilation of
Presidential Documents of Apr. 27, 1987. ■

had staged a walkout from the Geneva talks. As the months passed and the Soviets recognized that neither Western leaders nor their public support were weakening on the INF issue, the Soviets agreed to resume bargaining.

Allied solidarity has met with success not only in Europe but also in Asia. Since the beginning of the INF talks, for

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instance, one of the most stubborn points of Soviet intransigence was our proposal that the U.S.S.R. reduce or eliminate its Asian-based, longer range intermediate-range forces. Even as they were willing to reduce significantly such forces in Europe, the Soviets remained profoundly reluctant to agree to any reductions in their Asian forces. American negotiators, meanwhile, remained firm in refusing to let the Soviets divide us from our Asian friends and allies. Our persistence apparently impressed Mr. Gorbachev, who finally agreed at Reykjavik to make deep reductions in Soviet Asian-based LRINF.

So, too, American strategic modernization has been a factor in making the Soviets realize they will not be able to pressure the United States into a one-sided strategic arms agreement. By acting to improve the credibility of our deterrent forces and moving beyond the flawed framework of the unratified SALT II [strategic arms limitation talks] Treaty, the United States has given the Soviet Union fresh motivation to take our strategic arms reduction proposals seriously.

During the coming months, we will need to be prepared for an especially demanding test of our patience. The Soviets are masters of 11th-hour negotiations—that is, they will wait until the last moment before agreeing with us. And because of our presidential election cycle and Senate ratification timetable, the 11th hour in arms control for this President's term is fast approaching. Experience shows that the Soviets can be expected to wait until the very end of negotiations, hoping to put pressure on us to make concessions simply to complete an agreement. The likelihood is that this standard Soviet tactic will be applied with more intensity than ever, for Mikhail Gorbachev has been observed to be a Soviet leader of unusual creativity.

Ronald Reagan will accept an arms control agreement only if it is consistent with our national security requirements. Those who would apply partisan pressure on him to abandon this principle underestimate him. I believe they also underestimate the good judgment of the American people, who will not accept an arms control agreement that is not in our national security interest.

Attention to the Conventional Imbalance

If we are to be certain that the deep cuts in nuclear weapons envisioned in prospective START and INF agreements would enhance Western security, it is necessary that we strengthen our conventional defense. To accomplish this, we will have to overcome a formidable conventional military imbalance in Europe. The Warsaw Pact now holds a numerical advantage in a number of categories of conventional weapons and qualitative superiority in a few such categories. However, there is no reason why this imbalance should be permanent.

In the same manner that the Strategic Defense Initiative has worked to bring about renewed talks on strategic weapons, NATO conventional defense improvements analogous to SDI could conceivably bring the Soviets around to negotiating seriously in the conventional field. We do not have to match the Soviets man for man or tank for tank to have an effective conventional defense. The West in its economic and social freedom possesses some tremendous competitive advantages over the communist bloc. The free exchange of ideas and the mobility of capital and skilled labor found only in the free world make it extremely difficult for the Soviets to compete with us in the application of technology. A vigorous new effort to add impetus to NATO's conventional defense improvements initiative would offer great opportunities for enhancing the strength of the alliance.

Hopes for Accord in START and INF

The formula for strategic and intermediate-range nuclear arms reductions agreed upon at Geneva and fleshed out at Reykjavik by President Reagan and General Secretary Gorbachev would significantly reduce the threat of nuclear war. In the intermediate-range class, it would bring to fruition in Europe President Reagan's "zero option"—a proposal that was dismissed in 1981 by many arms control advocates as a mere propaganda ploy. It would also realize sizable reductions in Asia.

At Reykjavik, the United States and the U.S.S.R. agreed to reduce strategic nuclear delivery vehicles to 1,600 on each side, with no more than 6,000 warheads on these delivery vehicles. We

agreed, too, on a method of counting and limiting bomber weapons. Such a set of reductions would be in the mutual interests of the United States and the Soviet Union. It would actually reduce nuclear weapons, not legitimize future increases. It would lessen the threat of a Soviet first strike. The Soviets also would have a great deal to gain, since we would be required to reduce significantly the potential of our land- and sea-based ballistic missiles and limit our air-launched cruise missiles.

While the opportunities for meaningful arms reductions are very real, we must guard against euphoria. If we are to have an INF treaty, the matter of the Soviet advantage in shorter range nuclear forces remains to be addressed. Our firm position is that these forces be restricted to equal global limits.

Moreover, there is the matter of verification—a central part of any arms control agreement. In the INF negotiations, both sides now have pledged to work out verification provisions. The Soviets have publicly said that they can agree in principle to unprecedented, "intrusive" methods such as onsite inspection. The United States now has tabled draft treaty language providing for a comprehensive verification regime. If the Soviets will accept such terms, similar verification accords on strategic arms reductions may be possible. But we should remain patient and cautious until the actual details of such far-reaching verification regimes are resolved. The Soviets often make public pronouncements that sound good. What they almost as often fail to do is to follow up their words with deeds.

Throughout the Geneva negotiations, the United States and our allies have remained clear about our objectives and patient in the face of hard-line Soviet propaganda and negotiating tactics. The West's sense of purpose and unity on the fundamentals of defense and deterrence have given Gorbachev impetus to remove his demand that an INF agreement be linked to American concessions on strategic defense. There is ample reason, too, for him now to remove the same artificial obstacle he has introduced in the path of a strategic arms agreement. There is still time for Gorbachev to keep both halves of the deal he struck with President Reagan in 1985. ■

Soviet Noncompliance With Arms Control Agreements

Following is the President's unclassified report on Soviet noncompliance with arms control agreements along with his letter of transmittal to the Speaker of the House of Representatives and to the President of the Senate on March 10, 1987.¹

Transmittal Letter

Dear Mr. Speaker (Dear Mr. President):

In response to congressional requests as set forth in Public Law 99-145, I am forwarding herewith classified and unclassified versions of the Administration's report to the Congress on Soviet Noncompliance with Arms Control Agreements.

Detailed classified briefings will be available to the Congress in the near future.

I believe the additional information provided, and issues addressed, especially in the more detailed classified report, will significantly increase understanding of Soviet violations and probable violations. Such understanding, and strong congressional consensus on the importance of compliance to achieving effective arms control, will do much to strengthen our efforts both in seeking corrective actions and in negotiations with the Soviet Union.

Sincerely,

RONALD REAGAN

Unclassified Report

At the request of the Congress, I have, in the past three years, provided four reports to the Congress on Soviet noncompliance with arms control agreements. These reports include the Administration's reports of January 1984, and February and December 1985, as well as the report on Soviet noncompliance prepared for me by the independent General Advisory Committee on Arms Control and Disarmament. Each of these reports has enumerated and documented, in detail, issues of Soviet noncompliance, their adverse effects to our national security, and our attempts to resolve the issues. When taken as a whole, this series of reports also provides a clear picture of the continuing pattern of Soviet violations and a basis for our continuing concerns.

In the December 23, 1985, report, I stated:

The Administration's most recent studies support its conclusion that there is a pattern of Soviet noncompliance. As documented in

this and previous reports, the Soviet Union has violated its legal obligation under or political commitment to the SALT I [strategic arms limitation talks] ABM [Anti-Ballistic Missile] Treaty and Interim Agreement, the SALT II Agreement, the Limited Test Ban Treaty of 1963, the Biological and Toxin Weapons Convention, the Geneva Protocol on Chemical Weapons, and the Helsinki Final Act. In addition, the U.S.S.R. has likely violated provisions of the Threshold Test Ban Treaty (TTBT).

I further stated:

At the same time as the Administration has reported its concerns and findings to the Congress, the United States has had extensive exchanges with the Soviet Union on Soviet noncompliance in the Standing Consultative Commission (SCC), where SALT-related issues (including ABM issues) are discussed, and through other appropriate diplomatic channels.

I have also expressed my personal concerns directly to General Secretary Gorbachev during my meetings with him, both in 1985 in Geneva and then again this past October in Reykjavik.

Another year has passed and, despite these intensive efforts, the Soviet Union has failed to correct its noncompliant activities; neither have they provided explanations sufficient to alleviate our concerns on other compliance issues.

Compliance is a cornerstone of international law; states are to observe and comply with obligations they have freely undertaken.

In fact, in December 1985, the General Assembly of the United Nations recognized the importance of treaty compliance for future arms control, when, by a vote of 131-0 (with 16 abstentions), it passed a resolution that:

- Urges all parties to arms limitation and disarmament agreements to comply with their provisions;
- Calls upon those parties to consider the implications of noncompliance for international security and stability and for the prospects for further progress in the field of disarmament; and
- Appeals to all UN members to support efforts to resolve noncompliance questions "with a view toward encouraging strict observance of the provisions subscribed to and maintaining or restoring the integrity of arms limitation or disarmament agreements."

Congress has repeatedly stated its concern about Soviet noncompliance.

The U.S. Senate, on February 17, 1987, passed a resolution (S. Res. 94), by a vote of 93 to 2, which:

... declares that an important obstacle to the achievement of acceptable arms control agreements with the Soviet Union has been its violations of existing agreements, and calls upon it to take steps to rectify its violation of such agreements and, in particular, to dismantle the newly-constructed radar sited at Krasnoyarsk, Union of Soviet Socialist Republics, since it is a clear violation of the terms of the Anti-Ballistic Missile Treaty...

Compliance with past arms control commitments is an essential prerequisite for future arms control agreements. As I have stated before:

In order for arms control to have meaning and credibly contribute to national security and to global or regional stability, it is essential that all parties to agreements fully comply with them. Strict compliance with all provisions of arms control agreements is fundamental, and this Administration will not accept anything less.

I have also said that:

Soviet noncompliance is a serious matter. It calls into question important security benefits from arms control, and could create new security risks. It undermines the confidence essential to an effective arms control process in the future. . . . The United States Government has vigorously pressed, and will continue to press, these compliance issues with the Soviet Union through diplomatic channels.

The ABM Treaty

Today I must report that we have deep, continuing concerns about Soviet noncompliance with the ABM Treaty. For several reasons, we are concerned with the Krasnoyarsk radar, which appeared to be completed externally in 1986. The radar demonstrates that the Soviets were designing and programming a prospective violation of the ABM Treaty even while they were negotiating a new agreement on strategic offensive weapons with the United States.

The only permitted functions for a large, phased-array radar (LPAR) with a location and orientation such as that of the Krasnoyarsk radar would be space-tracking and national technical means (NTM) of verification. Based on conclusive evidence, however, we judge that this radar is primarily designed for ballistic missile detection and tracking, not for space-tracking and NTM as the Soviets claim. Moreover, the coverage of the Krasnoyarsk radar closes the remaining gap in the Soviet ballistic missile detection and tracking screen; its location allows it to acquire attack

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characterization data that could aid in planning the battle for Soviet defensive forces and deciding timely offensive responses—a standard role for such radars.

All LPARs, such as the Krasnoyarsk radar, have the inherent capability to track large numbers of objects accurately. Thus, they not only could perform as ballistic missile detection and tracking radars, but also have the inherent capability, depending on location and orientation, of contributing to ABM battle management.

LPARs have always been considered to be the long lead-time elements of a possible territorial defense. Taken together, the Krasnoyarsk radar and other Soviet ABM-related activities give us concerns that the Soviet Union may be preparing an ABM defense of its national territory. Some of the activities, such as construction of the new LPARs on the periphery of the Soviet Union and the upgrade of the Moscow ABM system, appear to be consistent with the ABM Treaty. The construction of the radar near Krasnoyarsk, however, is a clear violation of the ABM Treaty, while other Soviet ABM-related activities involve potential or probable Soviet violations or other ambiguous activity. These other issues, discussed fully in the body of the report, are:

- The testing and development of components required for an ABM system that could be deployed to a site in months rather than years;
- The concurrent operation of air defense components and ABM components;
- The development of modern air defense systems that may have some ABM capabilities; and
- The demonstration of an ability to reload ABM launchers in a period of time shorter than previously noted.

Soviet activities during the past year have contributed to our concerns. The Soviets have begun construction of three additional LPARs similar to the Krasnoyarsk radar. These new radars are located and oriented consistent with the ABM Treaty's provision on ballistic missile early warning radars, but they would increase the number of Soviet LPARs by 50 percent. The redundancy in coverage provided by these new radars suggests that their primary mission is ballistic missile acquisition and tracking.

This year's reexamination of Soviet ABM-related activities demonstrates

that the Soviets have not corrected their outstanding violation, the Krasnoyarsk radar. It is the totality of these Soviet ABM-related activities in 1986 and earlier years that gives rise to our continuing concerns that the USSR may be preparing an ABM defense of its national territory. The ABM Treaty prohibits the deployment of an ABM system for the defense of the national territory of the parties and prohibits the parties from providing a base for such a defense. As I said in last December's report:

[This] would have profound implications for . . . the vital East-West . . . balance. A unilateral Soviet territorial ABM capability acquired in violation of the ABM Treaty could erode our deterrent and leave doubts about its credibility.

Chemical, Biological, and Toxin Weapons

The integrity of the arms control process is also hurt by Soviet violations of the 1925 Geneva Protocol on Chemical Weapons and the 1972 Biological and Toxin Weapons Convention. Information obtained during the last year reinforces our concern about Soviet noncompliance with these important agreements. Progress toward an agreement banning chemical weapons is affected by Soviet noncompliance with the Biological and Toxin Weapons Convention. Because of the record of Soviet noncompliance with past agreements, we believe verification provisions are a matter of unprecedented importance in our efforts to rid the world of these heinous weapons—weapons of mass destruction under international law.

The Soviets have continued to maintain a prohibited offensive biological warfare capability. We are particularly concerned because it may include advanced biological agents about which we have little knowledge and against which we have no defense. The Soviets continue to expand their chemical and toxin warfare capabilities. Neither NATO retaliatory nor defensive programs can begin to match the Soviet effort. Even though there have been no confirmed reports of lethal attacks since the beginning of 1984, previous activities have provided the Soviets with valuable testing, development, and operational experience.

Nuclear Testing

The record of Soviet noncompliance with the treaties on nuclear testing is of legal and military concern. Since the Limited

Test Ban Treaty (LTBT) came into force over twenty years ago, the Soviet Union has conducted its nuclear weapons test program in a manner incompatible with the aims of the Treaty by regularly permitting the release of nuclear debris into the atmosphere beyond the borders of the USSR. Even though the debris from these Soviet tests does not pose calculable health, safety, or environmental risks, and these infractions have no apparent military significance, our repeated attempts to discuss these occurrences with Soviet authorities have been continually rebuffed. Soviet refusal to discuss this matter calls into question their sincerity on the whole range of arms control agreements.

During their test moratorium, the Soviets undoubtedly maintained their sites because they quickly conducted a test soon after announcing intent to do so. Furthermore, there were numerous ambiguous events during this period that can neither be associated with, nor disassociated from, observed Soviet nuclear test-related activities.

Soviet testing at yields above the 150 kt limit would allow development of advanced nuclear weapons with proportionately higher yields of weapons than the U.S. could develop under the Treaty.

The United States and the Soviet Union have met on four occasions during the past year for expert-level discussions on the broad range of issues related to nuclear testing. Our objective during these discussions consistently has been to achieve agreement on an effective verification regime for the TTBT and PNET [Peaceful Nuclear Explosions Treaty]. I remain hopeful that we can accomplish this goal.

The Helsinki Final Act

In 1981 the Soviet Union conducted a major military exercise without providing prior notification of the maneuver's designation and the number of troops taking part, contrary to its political commitment to observe provisions of Basket I of the Helsinki Final Act.

During the past year, we have reached an accord at the Stockholm Conference on Confidence- and Security-Building Measures that contains new standards for notification, observation, and verification of military activities, including on-site inspection. We will be carefully assessing Soviet compliance with these new standards, which went into effect January 1, 1987.

Recent Developments

At the end of 1986 and during the early weeks of 1987, new information pertaining to some of the issues in this report became available, but it was judged that the data did not necessitate a change in any of the findings. This was partially due to the developing nature of the information at the time and certain ambiguities associated with it. Furthermore, the Soviet Union resumed underground nuclear testing on February 26, 1987.

SALT II and the SALT I Interim Agreement

The Soviet Union repeatedly violated the SALT II Treaty and took other actions that were inconsistent with the Treaty's provisions. In no case where we determined that the Soviet Union was in violation did they take corrective action. We have raised these issues for the past three years in the SCC and in other diplomatic channels.

The Soviets committed four violations of their political commitment to observe SALT II; they were:

- The development and deployment of the SS-25 missile, a prohibited second new type of intercontinental ballistic missile (ICBM);
- Extensive encryption of telemetry during test flights of strategic ballistic missiles;
- Concealment of the association between a missile and its launcher during testing; and
- Exceeding the permitted number of strategic nuclear delivery vehicles (SNDVs).

In addition, the Soviets:

- Probably violated the prohibition on deploying the SS-16 ICBM;
- Took actions inconsistent with their political commitment not to give the Backfire bomber intercontinental operating capability by deploying it to Arctic bases; and
- Evidently exceeded the agreed production quota by producing slightly more than the allowed 30 Backfire bombers per year until 1984.

Concerning the SALT I Interim Agreement, the Soviets used former SS-7 ICBM facilities to support deployment of the SS-25 mobile ICBM, and thereby violated the prohibition on the use of former ICBM facilities.

Soviet Noncompliance and U.S. Restraint Policy

On June 10, 1985, I expressed concern that continued Soviet noncompliance increasingly affected our national security. I offered to give the Soviet Union additional time in order to take corrective actions to return to full compliance, and I asked them to join us in a policy of truly mutual restraint. At the same time, I stated that future U.S. decisions would be determined on a case-by-case basis in light of Soviet behavior in exercising restraint comparable to our own, correcting their noncompliance, reversing their military buildup, and seriously pursuing equitable and verifiable arms reduction agreements.

The December 23, 1985, report showed that the Soviets had not taken any actions to correct their noncompliance with arms control commitments. In May 1986, I concluded that the Soviets had made no real progress toward meeting our concerns with respect to their noncompliance, particularly in those activities related to SALT II and the ABM Treaty. From June 1985 until May 1986, we saw no abatement of the Soviet strategic force buildup.

The third yardstick I had established for judging Soviet actions was their seriousness at negotiating deep arms reductions. In May 1986 I concluded that, since the November 1985 summit, the Soviets had not followed up constructively on the commitment undertaken by General Secretary Gorbachev and me to build upon areas of common ground in the Geneva negotiations, including accelerating work toward an interim agreement on INF [intermediate-range nuclear forces].

In Reykjavik, General Secretary Gorbachev and I narrowed substantially the differences between our two countries on nuclear arms control issues. However, the Soviets took a major step backward by insisting that progress in every area of nuclear arms control must be linked together in a single package that has as its focus killing the U.S. Strategic Defense Initiative (SDI). Furthermore, it became clear that the Soviets intended to make the ABM Treaty more restrictive than it is on its own terms by limiting our SDI research strictly to the laboratory.

It was, however, the continuing pattern of noncompliant Soviet behavior that I have outlined above that was the primary reason why I decided, on May 27, 1986, to end U.S. observance of the provisions of the SALT I Interim

Agreement and SALT II. The decision to end the U.S. policy of observing the provisions of the Interim Agreement (which had expired) and the SALT II Treaty (which was never ratified and would have expired on December 31, 1985) was not made lightly. The United States cannot, and will not, allow a double standard of compliance with arms control agreements to be established.

Therefore, on May 27, 1986, I announced:

...in the future, the United States must base decisions regarding its strategic force structure on the nature and magnitude of the threat posed by Soviet strategic forces and not on standards contained in the SALT structure, which has been undermined by Soviet noncompliance, and especially in a flawed SALT II treaty, which was never ratified, would have expired if it had been ratified, and has been violated by the Soviet Union.

Responding to a Soviet request, the U.S. agreed to hold a special session of the SCC in July 1986 to discuss my decision. During that session, the U.S. made it clear that we would continue to demonstrate the utmost restraint. At this session we stated that, assuming there is no significant change in the threat we face, the United States would not deploy more strategic nuclear delivery vehicles or more strategic ballistic missile warheads than does the Soviet Union. We also repeated my May 27 invitation to the Soviet Union to join the U.S. in establishing an interim framework of truly mutual restraint pending conclusion of a verifiable agreement on deep and equitable reductions in offensive nuclear arms. The Soviet response was negative.

In my May 27 announcement, I had said the United States would remain in technical observance of SALT II until later in the year when we would deploy our 131st heavy bomber equipped to carry air-launched cruise missiles. The deployment of that bomber on November 28, 1986, marked the full implementation of that policy.

Now that we have put the Interim Agreement and the SALT II Treaty behind us, Soviet activities with respect to those agreements, which have been studied and reported to the Congress in detail in the past, are not treated in the body of this report. This is not to suggest that the significance of the Soviet violations has in any way diminished. We are still concerned about the increasing Soviet military threat.

A number of activities involving SALT II constituted violations of the

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core or central provisions of the Treaty frequently cited by the proponents of SALT II as the primary reason for supporting the agreement. These violations involve both the substantive provisions and the vital verification provisions of the Treaty. Through violation of the SALT II limit of the one "new type" of ICBM, the Soviets are in the process of deploying illegal additions to their force that provide even more strategic capability.

Soviet encryption and concealment activities have, in the past, presented special obstacles to verifying compliance with arms control agreements. The Soviets' extensive encryption of ballistic missile telemetry impeded U.S. ability to verify key provisions of the SALT II Treaty. Of equal importance, these Soviet activities undermine the political confidence necessary for concluding new treaties and underscore the necessity that any new agreement be effectively verifiable.

Soviet Noncompliance and New Arms Control Agreements

Soviet noncompliance, as documented in this and previous Administration reports, has made verification and compliance pacing elements of arms control today. From the beginning of my Administration, I have sought deep and equitable reductions in the nuclear offensive arsenals of the United States and the Soviet Union and have personally proposed ways to achieve the objectives in my meetings with General Secretary Gorbachev. If we are to enter agreements of this magnitude and significance, effective verification is indispensable and cheating is simply not acceptable.

I look forward to continued close consultations with the Congress as we seek to make progress in resolving compliance issues and in negotiating sound arms control agreements.

The findings on Soviet noncompliance with arms control agreements follow.

THE FINDINGS

Anti-Ballistic Missile (ABM) Treaty

Treaty Status

The 1972 ABM Treaty and its Protocol ban deployment of ABM systems except that each Party is permitted to deploy one ABM system around the national capital area or, alternatively, at a single

ICBM deployment area. The ABM Treaty is in force and is of indefinite duration. Soviet actions not in accord with the ABM Treaty are, therefore, violations of a legal obligation.

1. The Krasnoyarsk Radar

- **Obligation:** To preclude the development of a territorial defense or providing the base for a territorial ABM defense, the ABM Treaty provides that radars for early warning of ballistic missile attack may be deployed only at locations along the periphery of the national territory of each Party and that they be oriented outward. The Treaty permits deployment (without regard to location or orientation) of large phased-array radars for purposes of tracking objects in outer space or for use as national technical means of verification of compliance with arms control agreements.

- **Issue:** The December 1985 report examined the issue of whether the Krasnoyarsk radar meets the provisions of the ABM Treaty governing phased-array radars. We have reexamined this issue.

- **Finding:** The U.S. Government reaffirms the conclusion in the December 1985 report that the new large phased-array radar under construction at Krasnoyarsk constitutes a violation of legal obligations under the Anti-Ballistic Missile Treaty of 1972 in that in its associated siting, orientation, and capability, it is prohibited by this Treaty. Continuing construction and the absence of credible alternative explanations have reinforced our assessment of its purpose. Despite U.S. requests, no corrective action has been taken. This and other ABM-related Soviet activities suggest that the USSR may be preparing an ABM defense of its national territory.

2. Mobility of ABM System Components

- **Obligation:** Paragraph 1 of Article V of the ABM Treaty prohibits the development, testing, or deployment of mobile land-based ABM systems or components.

- **Issue:** The December 1985 report examined whether the Soviet Union has developed a mobile land-based ABM system, or components for such a system, in violation of its legal obligation under the ABM Treaty. We have reexamined this issue.

- **Finding:** The U.S. Government reaffirms the judgment of the December 1985 report that the evidence on Soviet

actions with respect to ABM component mobility is ambiguous, but that the USSR's development and testing of components of an ABM system, which apparently are designed to be deployable at sites requiring relatively limited special-purpose site preparation, represent a potential violation of its legal obligation under the ABM Treaty. This and other ABM-related Soviet activities suggest that the USSR may be preparing an ABM defense of its national territory.

3. Concurrent Testing of ABM and Air Defense Components

- **Obligation:** The ABM Treaty and its Protocol limit the Parties to one ABM deployment area. In addition to the ABM systems and components at that one deployment area, the Parties may have ABM systems and components for development and testing purposes so long as they are located at agreed test ranges. The Treaty also prohibits giving components, other than ABM system components, the capability "to counter strategic ballistic missiles or their elements in flight trajectory" and prohibits the Parties from testing them in "an ABM mode." The Parties agreed that the concurrent testing of SAM [surface-to-air missile] and ABM system components is prohibited.

- **Issue:** The December 1985 compliance report examined whether the Soviet Union has concurrently tested SAM and ABM system components in violation of its legal obligation since 1978 not to do so. It was the purpose of that obligation to further constrain testing of air defense systems in an ABM mode. We have reexamined this issue.

- **Finding:** The U.S. Government reaffirms the judgment made in the December 1985 report that the evidence of Soviet actions with respect to concurrent operations is insufficient fully to assess compliance with Soviet obligations under the ABM Treaty. However, the Soviet Union has conducted tests that have involved air defense radars in ABM-related activities. The large number, and consistency over time, of incidents of concurrent operation of ABM and SAM components, plus Soviet failure to accommodate fully U.S. concerns, indicate the USSR probably has violated the prohibition on testing SAM components in an ABM mode. In several cases this may be highly probable. This and other ABM-related activities suggest the USSR may be preparing an ABM defense of its national territory.

4. ABM Capability of Modern SAM Systems

• **Obligation:** Under subparagraph (a) of Article VI of the ABM Treaty, each Party undertakes not to give non-ABM interceptor missiles, launchers, or radars "capabilities to counter strategic ballistic missiles or their elements in flight trajectory, and not to test them in an ABM mode. . . ."

• **Issue:** The December 1985 report examined whether the Soviet Union has tested a SAM system or component in an ABM mode or given it the capability to counter strategic ballistic missiles or their elements in flight trajectory in violation of their legal obligation under the ABM Treaty. We have reexamined this issue.

• **Finding:** The U.S. Government reaffirms the judgment made in the December 1985 report that the evidence of Soviet actions with respect to SAM upgrade is insufficient to assess compliance with the Soviet Union's obligations under the ABM Treaty. However, this and other ABM-related Soviet activities suggest that the USSR may be preparing an ABM defense of its national territory.

5. Rapid Reload of ABM Launchers

• **Obligation:** The ABM Treaty limits to 100 the number of deployed ABM interceptor launchers and deployed interceptor missiles. It does not limit the number of interceptor missiles that can be built and stockpiled. Paragraph 2, Article V, of the Treaty prohibits the development, testing, or deployment of "automatic or semi-automatic or other similar systems for rapid reload" of the permitted launchers.

• **Issue:** The December 1985 report examined whether the Soviet Union has developed, tested, or deployed automatic, semi-automatic, or other similar systems for rapid reload of ABM launchers in violation of its legal obligation under the ABM Treaty. We have reexamined this issue.

• **Finding:** The U.S. Government reaffirms the judgment made in the December 1985 report that, on the basis of the evidence available, the USSR's actions with respect to the rapid reload of ABM launchers constitute an ambiguous situation as concerns its legal obligations under the ABM Treaty not to develop systems for rapid reload. The Soviet Union's reload capabilities are a serious concern. These and other ABM-related Soviet activities suggest that the

USSR may be preparing an ABM defense of its national territory.

6. ABM Territorial Defense

• **Obligation:** The ABM Treaty and Protocol allow each Party a single operational site, explicitly permit modernization and replacement of ABM systems or their components, and explicitly recognize the existence of ABM test ranges for the development and testing of ABM components. The ABM Treaty prohibits, however, the deployment of an ABM system for defense of the national territory of the parties and prohibits the Parties from providing a base for such a defense.

• **Issue:** The December 1985 report examined whether the Soviets have deployed an ABM system for the defense of their territory or provided a base for such a defense. We have reexamined this issue.

• **Finding:** The U.S. Government reaffirms the judgment of the December 1985 report that the aggregate of the Soviet Union's ABM and ABM-related actions (e.g., radar construction, concurrent testing, SAM upgrade, ABM rapid reload, and ABM mobility) suggests that the USSR may be preparing an ABM defense of its national territory. Our concern continues.

Biological Weapons Convention and 1925 Geneva Protocol

Chemical, Biological, and Toxin Weapons

• **Treaty Status:** The 1972 Biological and Toxin Weapons Convention (BWC) and the 1925 Geneva Protocol are multilateral treaties to which both the United States and the Soviet Union are Parties. Soviet actions not in accord with these treaties and customary international law relating to the 1925 Geneva Protocol are violations of legal obligations.

• **Obligations:** The BWC bans the development, production, stockpiling or possession, and transfer of microbial or other biological agents or toxins except for a small quantity for prophylactic, protective, or other peaceful purposes. It imposes the same obligation in relation to weapons, equipment, and means of delivery of agents or toxins. The 1925 Geneva Protocol and related rules of customary international law prohibit the first use in war of asphyxiating, poisonous, or other gases and of all analogous liquids, materials, or devices

and prohibits use of bacteriological methods of warfare.

• **Issues:** The December 1985 report examined whether the Soviets are in violation of provisions that ban the development, production, transfer, possession, and use of biological and toxin weapons and whether they have been responsible for the use of lethal chemicals. We have reexamined this issue.

• **Finding:** The U.S. Government judges that continued activity during 1986 at suspect biological and toxin weapon facilities in the Soviet Union, and reports that a Soviet BW program may now include investigation of new classes of BW agents, confirm the conclusion of the December 1985 report that the Soviet Union has maintained an offensive biological warfare program and capability in violation of its legal obligation under the Biological and Toxin Weapons Convention of 1972.

There have been no confirmed attacks with lethal chemicals or toxins in Kampuchea, Laos, or Afghanistan in 1986 according to our strict standards of evidence. Although several analytical efforts have been undertaken in the past year to investigate continuing reports of attacks, these studies have so far had no positive results. Therefore, there is no basis for amending the December 1985, conclusion that, prior to this time, the Soviet Union has been involved in the production, transfer, and use of trichothecene mycotoxins for hostile purposes in Laos, Kampuchea, and Afghanistan in violation of its legal obligation under international law as codified in the Geneva Protocol of 1925 and the Biological and Toxin Weapons Convention of 1972.

Threshold Test Ban Treaty

Nuclear Testing and the 150 Kiloton Limit

• **Treaty Status:** The Threshold Test Ban Treaty was signed in 1974. The Treaty has not been ratified by either Party but neither Party has indicated an intention not to ratify. Therefore, both Parties are subject to the obligation under customary international law to refrain from acts that would defeat the object and purpose of the TTBT. Actions that would defeat the object and purpose of the TTBT are therefore violations of legal obligations. The United States is seeking to negotiate improved verification measures for the Treaty. Both Parties have separately stated they would observe the 150-kiloton threshold of the TTBT.

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• **Obligation:** The Treaty prohibits, beginning March 31, 1976, any underground nuclear weapon tests having a yield exceeding 150 kilotons at any place under the jurisdiction or control of the Parties. In view of the technical uncertainties associated with estimating the precise yield of nuclear weapon tests, the sides agreed that one or two slight, unintended breaches per year would not be considered a violation.

• **Issue:** The December 1985 report examined whether the Soviets have conducted nuclear tests in excess of 150 kilotons. We have reexamined this issue.

• **Finding:** During the past year, the U.S. Government has been reviewing Soviet nuclear weapons test activity that occurred prior to the self-imposed moratorium of August 6, 1985, and has been reviewing related U.S. Government methodologies for estimating Soviet nuclear test yields. The work is continuing. In December 1985, the U.S. Government found that: "Soviet nuclear testing activities for a number of tests constitute a likely violation of legal obligations under the Threshold Test Ban Treaty." At present, with our existing knowledge of this complex topic, that finding stands. It will be updated when studies now under way are completed. Such studies should provide a somewhat improved basis for assessing past Soviet compliance. Ambiguities in the nature and features of past Soviet testing and significant verification difficulties will continue, and much work remains to be done on this technically difficult issue. Such ambiguities demonstrate the need for effective verification measures to correct the verification inadequacies of the Threshold Test Ban Treaty and its companion accord, the Peaceful Nuclear Explosions Treaty.

Limited Test Ban Treaty

Underground Nuclear Test Venting

• **Treaty Status:** The Treaty Banning Nuclear Weapon Tests in the Atmosphere, in Outer Space and Under Water (Limited Test Ban Treaty) is a multilateral treaty that entered into force for the United States and the Soviet Union in 1963. Soviet actions not in accord with this treaty are violations of a legal obligation.

• **Obligations:** The LTBT specifically prohibits nuclear explosions in the atmosphere, in outer space, and under water. It also prohibits nuclear explosions in any other environment "if such explosions cause radioactive debris to be present outside the territorial

limits of the State under whose jurisdiction or control such explosion is conducted."

• **Issue:** The December 1985 report examined whether the USSR's underground nuclear tests have caused radioactive debris to be present outside of its territorial limits. We have reexamined this issue.

• **Finding:** The U.S. Government reaffirms the judgment made in the December 1985 report that the Soviet Union's underground nuclear test practices resulted in the venting of radioactive matter on numerous occasions and caused radioactive matter to be present outside the Soviet Union's territorial limits in violation of its legal obligation under the Limited Test Ban Treaty. The Soviet Union failed to take the precautions necessary to minimize the contamination of man's environment by radioactive substances despite numerous U.S. demarches and requests for corrective action.

Helsinki Final Act

Helsinki Final Act Notification of Military Exercises

• **Legal Status:** The Final Act of the Conference on Security and Cooperation in Europe was signed in Helsinki in 1975. This document represents a political commitment and was signed by the United States and the Soviet Union, along with 33 other States. Soviet actions not in accord with that document are violations of their political commitment.

• **Obligation:** All signatory States of the Helsinki Final Act are committed

to give prior notification of, and other details concerning, major military maneuvers, defined as those involving more than 25,000 troops.

• **Issue:** The December 1985 report examined whether notification of the Soviet military exercise "Zapad-81" was inadequate and therefore a violation of the Soviet Union's political commitment under the Helsinki Final Act. We have reexamined this issue.

• **Finding:** The U.S. Government previously judged and continues to find that the Soviet Union in 1981 violated its political commitment to observe provisions of Basket I of the Helsinki Final Act by not providing all the information required in its notification of exercise "Zapad-81." Since 1981, the Soviets have observed provisions of the Helsinki Final Act in letter, but rarely in spirit. The Soviet Union has a very restrictive interpretation of its obligations under the Helsinki Final Act, and the Soviet implementation of voluntary confidence-building measures has been the exception rather than the rule. The Soviets have notified all exercises requiring notification (i.e., those of 25,000 troops or over), but have failed to make voluntary notifications (i.e., those numbering fewer than 25,000 troops). In their notifications, they have provided only the bare minimum of information. They have also observed only minimally the voluntary provision providing that observers be invited to exercises, having invited observers to only fifty percent of notified activities.

¹Texts from Weekly Compilation of Presidential Documents of Mar. 16, 1987. ■

U.S. Compliance With Arms Control Agreements

The President on February 17, 1987, delivered to Congress a report prepared by the U.S. Arms Control and Disarmament Agency (ACDA) in coordination with the Department of State, Department of Defense (DOD), the Joint Chiefs of Staff, Department of Energy, and the intelligence community concerning U.S. compliance with arms control agreements. The first part of the report details the procedures and mechanisms which the United States uses to ensure and monitor compliance with international

agreements. The bulk of the report responds to Soviet allegations of U.S. noncompliance.

The Soviet Union, in recent years, has raised a number of compliance charges against the United States, clearly in an attempt to invent countercharges to legitimate U.S. statements regarding Soviet noncompliance. In all cases, the United States has provided full responses which clearly established that we were and are in compliance with all treaty obligations and political commitments.

It is the strongly held belief of the United States that to be serious about arms control is to be serious about compliance. The U.S. record of compliance is deeply rooted in our legal system and fundamental values which govern our attitudes toward our international obligations.

The report responds at length to false Soviet allegations regarding several issues within the Antiballistic Missile (ABM) Treaty, including Strategic Defense Initiative (SDI)-related testing, modernization of existing radars, and territorial defense, as well as the confidentiality of discussions of matters before the Standing Consultative Commission (SCC). The report responds to Soviet allegations of U.S. noncompliance with portions of the Threshold Test Ban Treaty (TTBT), the Limited Test Ban Treaty (LTBT), chemical warfare discussions, and the Helsinki Final Act.

I. U.S. COMPLIANCE WITH ARMS CONTROL AGREEMENTS

A. Effective arms control requires that compliance be taken seriously. Compliance is a cornerstone of international law; states must honor obligations they have solemnly undertaken. The U.S. record of compliance is deeply rooted in its own legal system and a set of fundamental principles and values which govern American attitudes toward both arms control and international obligations. These factors—a deep-seated legal tradition, a commitment to arms control agreements that can enhance our security and that of our allies, and the workings of an open society—are basic and enduring. They create powerful incentives to comply with agreements to control nuclear and other weapons. Legal and institutional procedures to ensure compliance have been established, and they reflect the seriousness with which these obligations are taken and reinforce these underlying principles. Attachment 1 details these procedures.

B. Pursuant to Section 36 of the Arms Control and Disarmament Act, ACDA provides on a yearly basis a description of all major DOD programs and an analysis of the arms control implications of each program. (Reference *Fiscal Year 1987 Arms Control Impact Statements*, April 1986.)

C. The Soviet Union has in recent years raised a number of compliance charges against the United States. Some of these charges date back over several

years, while a few are new. There has been a clear attempt on the Soviet Union's part to invent countercharges in response to legitimate U.S. statements regarding Soviet noncompliance. In all cases, once the issue was clearly defined, the U.S. Government has provided full responses that should have removed any doubt that the United States was and remains in compliance with all treaty obligations and political commitments.

On May 27, 1986, the President decided that, largely due to the continuing pattern of Soviet noncompliance, the United States must base future decisions regarding its strategic force structure on the nature and magnitude of the threat posed by Soviet strategic forces and not on standards contained in the SALT [strategic arms limitation talks] structure. As part of the implementation of that policy, the United States deployed the 131st heavy bomber equipped to carry air-launched cruise missiles without dismantling other systems to remain within SALT limits. The decision to end the U.S. unilateral observance of the provisions of the Interim Agreement (which had expired) and the SALT II Treaty (which codified major arms buildups, was never ratified, and would have expired on December 31, 1985) was not made lightly. It was made only after intensive efforts in diplomatic channels to persuade the U.S.S.R. to end their noncompliance. The Soviets refused to do so. As part of the implementation of the President's May 27, 1986, decision, the Secretary of Defense, on December 22, 1986, amended the DOD directives and instruction that ensure U.S. compliance with existing arms control treaties by rescinding those portions pertaining to observance of the Interim Agreement on Strategic Offensive Arms and the SALT II Treaty. The Secretary of Defense also directed the DOD to ensure observance of the President's policy of restraint that states "assuming no significant change in the threat we face, the U.S. will not deploy more strategic nuclear delivery vehicles or more strategic ballistic missile warheads than does the Soviet Union." Since SALT is now behind us, Soviet allegations and the facts of U.S. compliance with regard to the Interim Agreement and SALT II, reported in last year's report, are not discussed.

Attachment 2 details each Soviet allegation of U.S. noncompliance that is not related to the Interim Agreement or the SALT II Treaty and provides the facts of U.S. compliance.

II. OTHER NATIONS' COMPLIANCE WITH ARMS CONTROL AGREEMENTS

A. The President's Report to Congress on Soviet Noncompliance with Arms Control Agreements that covers the period through the end of 1986 details the significant issues involving Soviet noncompliance. Third country actions for the last 6 years inconsistent with their obligations under the 1972 Biological and Toxin Weapons Convention and the 1925 Geneva protocol on chemical weapons are outlined in Attachment 3, provided under separate cover.

After concluding that Iraq used chemical weapons in its war with Iran, the United States has presented several diplomatic demarches since 1983 to the Iraqi Government, attempting to dissuade Iraq from further use of these weapons. The United States also sought the cooperation of allies and friends in this effort. In March 1984, the United States issued a public statement strongly condemning Iraq and pointing out there can be no justification for use of such weaponry by any country.

In 1984 the United States imposed foreign policy export controls on certain chemicals useful in the production of chemical weapons to deny their export to Iran and Iraq to inhibit the further production and use of chemical weapons. In 1986 the United States extended these controls to include Syria. Similar controls have since been implemented to varying degrees by 17 other Western nations.

The United States has been in the forefront of international efforts to halt the proliferation and use of chemical weapons. In addition to the imposition of export controls described above, the United States actively participates in informal consultations on chemical weapons use and proliferation led by Australia and met with the Soviet Union twice in 1986 to discuss prevention of chemical weapons proliferation.

In 1986, the United States adopted an active policy of presenting demarches to governments whose commercial firms have been determined by the United States to be actually or potentially involved in gulf war belligerents' and their allies' efforts to procure chemicals for use in manufacturing chemical weapons.

The United States continues to support efforts in the United Nations to condemn the use of chemical weapons wherever and whenever it occurs and to conduct investigations of use. In 1986 the United States sponsored a resolution

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condemning the use of chemical weapons and the need to curb their spread which was approved by the UN General Assembly on December 3, 1986. On the same date, the UN General Assembly adopted by consensus a U.S. resolution regarding compliance with arms control agreements.

B. The President's December 23, 1985, report to Congress briefly addresses the U.S. assessment of possible Soviet gains from each of the major issues addressed. The yearly DOD publication *Soviet Military Power* also provides DOD's assessment of the impact of Soviet actions.

C. Steps to redress any damage to U.S. national security and to reduce compliance problems have been discussed in a White House fact sheet of May 27, 1986; the White House message to the Congress of June 3, 1986, on strategic modernization (pp. 5-6); and the *ICBM Modernization Program: Annual Progress Report to the Committees on Armed Services of the Senate and House of Representatives*, January 1987 (Classified).

Attachments:

1. United States Compliance with Arms Control Agreements
2. Soviet Charges of U.S. Noncompliance

ATTACHMENT 1

U.S. Compliance With Arms Control Agreements

Effective arms control requires that compliance be taken seriously. The U.S. record of compliance is deeply rooted in its own legal system and a set of fundamental principles and values which govern American attitudes toward both arms control and international obligations. These factors—a deep-seated legal tradition, a commitment to arms control agreements that can enhance our security and that of our allies, and the workings of an open society—are basic and enduring. They create powerful incentives to comply with agreements to control nuclear and other weapons. Legal and institutional procedures to ensure compliance have been established, and they reflect the seriousness with which these obligations are taken and reinforce these underlying principles.

There are three major U.S. institutional and legal procedures for ensuring that U.S. plans and programs remain consistent with its international obligations. These procedures include internal

Department of Defense controls, separate evaluations produced by the U.S. Arms Control and Disarmament Agency, and congressional oversight.

In 1972, by direction of the President, the Department of Defense (DOD) established a process to ensure that all DOD programs complied with U.S. international obligations undertaken in the Strategic Arms Limitation Agreements.¹ Responsibility for monitoring and ensuring compliance of DOD programs was assigned to the Under Secretary of Defense for Acquisition (USD(A)). These responsibilities include: (a) reviewing quarterly reports from each of the U.S. Armed Services and designated DOD agencies; (b) submitting timely reports on compliance to the Secretary of Defense; (c) providing general instructions and procedures as well as specific guidance as needed; and (d) conducting and directing inspections.² The DOD General Counsel provides advice and assistance with respect to implementation of the compliance process and interpretation of arms control agreements.

The implementation of the process rests with the services and defense agencies which must certify quarterly to the USD(A) that their programs comply with all U.S. international obligations and must establish internal procedures and offices to monitor and ensure internal compliance. This process is facilitated by a DOD Compliance Review Group chaired by USD(A) with representatives from the DOD General Counsel, the Under Secretary of Defense for Policy, and the JCS [Joint Chiefs of Staff] which reviews compliance issues, prepares related reports, and responds to *ad hoc* compliance matters as they arise.

Separate from and independent of the above DOD process, other procedures and mechanisms are in place to monitor U.S. compliance with international obligations. An independent evaluation of all DOD program elements meeting certain congressionally mandated criteria³ is performed on an annual basis to determine whether they may have any impact on existing arms control obligations or on the arms control process itself. This evaluation is conducted by an interagency group chaired by the U.S. Arms Control and Disarmament Agency and is reported to the Congress in the annual Arms Control Impact Statement (ACIS) submitted at the same time as the President's budget request.

The interagency-approved ACIS provides annual documentation of the effects of U.S. defense programs on arms control and is provided to the Congress in both classified and unclassified

versions. The unclassified version is subsequently published alternately by the House Committee on Foreign Affairs and the Senate Foreign Relations Committee and is available to the public through the Government Printing Office.

Finally, the Congress may direct specific reports from the executive branch. These reports may involve specific programs, such as the March 1984 report to the Congress on U.S. policy on ASAT [antisatellite system] arms control covering antisatellite systems and the annual report to Congress on the Strategic Defense Initiative, or it may be general, such as the annual report specifying the steps the United States has taken to ensure compliance with existing arms control agreements.

ATTACHMENT 2

Soviet Charges of U.S. Noncompliance

The Soviet Union has in recent years raised a number of compliance charges against the United States. Some of these charges date back over several years, while a few are new. There has been a clear attempt on the Soviet Union's part to invent countercharges in response to legitimate U.S. compliance issues. In all cases, once the issue was clearly defined, the U.S. Government has provided full responses that should have removed any doubt that the United States was and remains in compliance with all treaty obligations and political commitments.

ABM ISSUES

ABM Treaty: Strategic Defense Initiative

Soviet Allegation: Territorial Defense.

The Soviet Union asserts that the Strategic Defense Initiative (SDI) is a program which is designed to establish an antiballistic missile (ABM) defense of the territory of the United States and its NATO allies which will include space-based elements and violates the prohibition in the ABM Treaty against providing the base for a territorial defense of the country and the Article V provision not "to develop, test, or deploy ABM systems or components which are sea-based, air-based, space-based, or mobile land-based."

The Facts. Both Soviet assertions are false. The Strategic Defense Initiative is a research program. Hence it could not possibly constitute a base for a

deployed ABM system for a defense of the territory of a country. The Soviets also know that such research is allowed and willingly acknowledged it when, in a major statement before the Soviet Presidium in 1972, Soviet Defense Minister Grechko stated that the ABM Treaty "... places no limitations whatsoever on the conducting of research and experimental work directed toward solving the problem of defending the country from nuclear missile strike." SDI is a program to explore promising new technologies and will permit informed policy decisions regarding possible future deployment options which meet our criteria as early as possible. Under Presidential direction, the overall SDI program is under constant review to ensure that all efforts on SDI will be fully consistent with our international legal obligations, including the ABM Treaty.

ABM Treaty: SDI-Related Tests

The Soviets have raised questions about the following areas of the SDI program. However, they have not charged that these specific experiments are violations of the ABM Treaty.

Soviet Allegation: Laser Tests. The Soviet Union has questioned how experiments involving laser devices under SDI programs conform to the provisions of the ABM Treaty, in particular, the provisions of Article V prohibiting the development, testing, and deployment of ABM systems and components that are space-based. Specific references have been made to laser beams aimed at mirrors on a space shuttle and on a missile during the early portion of the missile's flight and to a test at White Sands Missile Test Range involving a laser and a Titan ICBM [intercontinental ballistic missile] stage.

The Facts. None of the tests cited used ABM components or devices capable of substituting for ABM components. None of the experiments involved strategic ballistic missiles or their elements in flight trajectory. These experiments were designed to test various techniques of high precision tracking and of atmospheric compensation for lasers or, in the case of the static test against a Titan second-stage rocket motor, to provide an understanding of the effects of directed energy on structural materials.

Soviet Allegation: Space-Based Tests. The Soviet Union charges that the creation of space-based elements

under the Strategic Defense Initiative is already directly contrary to Article V of the ABM Treaty which prohibits the development, testing, and deployment of "ABM systems or components that are space-based." In particular, on September 5, 1986, the United States conducted an experiment in the course of which, after two objects were placed in orbit by a Delta missile, missions of acquisition, inertial tracking, and targeting and destruction were carried out.

The Facts. The ABM Treaty includes the terms "ABM system" and "component," but the new Soviet term "element" has no meaning in the treaty. The Soviet charge represents a distortion of the limitation of the ABM Treaty and an apparent attempt to broaden the scope of that agreement beyond what was agreed in 1972. In the case of the significant technical milestone (STM) test, conducted in September 1986, the experiment was fully compliant with the ABM Treaty. No ABM components were used during the experiment, nor did any of the devices used have the capability to substitute for an ABM component. Neither vehicle was flying a ballistic missile trajectory. The experiment was developed so that the range, speed, orbital parameters, relative velocities, and sensor limitations precluded any possibility that the vehicles had ABM capability or that the experiment involved a test in an ABM mode. Plans for the experiment were reported in the 1986 SDI annual report to Congress.

Soviet Allegation: Nuclear Tests Underground and in Space. The Soviet Union charges that conducting underground nuclear tests for SDI purposes at the Nevada test site does not correspond to the obligation under the ABM Treaty which bans testing for ABM purposes except at previously designated ABM test ranges. The designated ABM test ranges for the United States are Kwajalein Atoll and White Sands, New Mexico. The Soviets have also stated that as part of SDI, the United States is engaged in the creation of lasers fed by energy from a nuclear explosion, that the siting of such explosive devices in space would violate Article IV of the 1967 Outer Space Treaty, and that conducting test explosions in space to complete work on nuclear triggered lasers is also prohibited by the 1963 Treaty Banning Nuclear Weapon Tests in the Atmosphere, in Outer Space and Underwater.

The Facts. While the U.S. Government does not characterize the nature or purpose of particular underground nuclear tests, it is true that phenomenology experiments are being conducted within the SDI program to understand the applicability of nuclear directed energy concepts. Testing related to the feasibility of such concepts is in conformity with the ABM Treaty. It does not involve an ABM component (an ABM launcher, an ABM interceptor missile, or an ABM radar) or a device which could substitute for an ABM component.

While the SDI program is focused primarily on non-nuclear technologies, it is important to explore the promising concepts which use nuclear energy to power devices which could destroy ballistic missiles at great distances. Further it is necessary to study these concepts to determine the feasibility and effectiveness of similar defensive systems that an adversary may develop to use against future U.S. surveillance, defensive, or offensive systems.

In fact the Soviets have pursued research relevant to nuclear-driven directed energy weapons and some of their research predates our own. That the Soviets are willing to incorporate nuclear technologies in their defensive systems is demonstrated by the fact that their traditional antiballistic missile system around Moscow utilizes interceptors carrying nuclear warheads.

ABM Treaty: Modernization of the Thule and Fylingdales Radars

Soviet Allegations. The Soviets claim that deployment of a "new" large phased-array radar (LPR) underway at Thule, Greenland, and the planned deployment of a similar radar near Fylingdales, England, are contrary to Article VI and Agreed Statement "F" of the ABM Treaty. Article VI prohibits deployment in the future of radars for early warning of strategic ballistic missile attack except at locations along the periphery of a party's national territory and oriented outward. Agreed Statement "F" prohibits the deployment of LPRs over a certain radar potential except as provided for in Articles III, IV, VI, or for use in space track or national technical means of verification.

The Facts. The restrictions contained in the ABM Treaty on early warning radars and LPRs do not apply to the existing sites such as those at Thule and Fylingdales. Article VI, which obligates the parties "not to deploy in the future" early warning radars except

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at locations along the periphery of its national territory and oriented outward, prohibits only *future deployments*. Neither side proposed, and the treaty does not contain, any limitations on the modernization or replacement of permitted early warning radars. Therefore, there was no need to provide in the treaty explicit permission for the modernization of radars that are outside the coverage of the treaty restrictions, i.e., those already deployed. This is consistent with the treaty's approach of permitting even the modernization and replacement of ABM systems and components which are restricted by the treaty.

Nor does Agreed Statement "F" prohibit modernization of the early warning radars at Thule and Fylingdales by replacement with LPARs. In Agreed Statement "F," the parties agreed not to deploy LPARs, "except as provided for in Articles III, IV, and VI of the treaty, or except for the purposes of tracking objects in outer space or for use as national technical means of verification." Thus the agreed statement limits LPARs to five kinds: those permitted in the ABM deployment areas (Article III), those permitted at test ranges (Article IV), ballistic missile early warning radars at locations provided for in Article VI, space tracking radars, and radars for national technical means of verification. Since the facilities at Thule and Fylingdales are for early warning and were deployed prior to signature of the treaty, the modernization of the early warning radar facilities at these locations with an LPAR is completely consistent with Article VI and hence Agreed Statement "F" as well. Put another way, Article VI "grandfathered" the Thule radar site for ballistic missile early warning (BMEW) purposes, not merely the specific equipment there at the time of the signing of the ABM Treaty. Since the United States is only modernizing that equipment, Agreed Statement "F" does not apply.

ABM Treaty: Pave Paws Radars

Soviet Allegations. The Soviet Union has continued to note that the United States has deployed new, large Pave Paws radars on the Atlantic and Pacific coasts and is deploying Pave Paws type radars in the South. It asserts that these radars have characteristics similar to old U.S. ABM radars and have capabilities to provide a base for ABM radar coverage of a significant portion of U.S. territory. The Soviets charge that this is contrary to the obligation in the ABM

Treaty not to deploy ABM systems for defense of the territory of the country and not to create the base of such a defense.

The Facts. There is no merit whatsoever in the charge that U.S. deployment of Pave Paws radars is contrary to the ABM Treaty. All of these radars are for early warning of strategic ballistic missile attack. As required by the treaty, they are located on the periphery of our national territory and are oriented outward.

ABM Treaty: Other Issues

Soviet Allegations. The Soviet Union asserts that, "in clear conflict" with the ABM Treaty, the United States:

- Has deployed a radar on Shemya Island with ABM capabilities;
- Has undertaken to develop mobile ABM radars;
- Is testing Minuteman ICBMs to provide them with ABM capabilities; and
- Is developing multiple warheads for ABM interceptor missiles.

The Facts. These multiple charges are false. They include U.S. actions which are not in conflict with the provisions of the treaty, as well as false accusations about the kinds of activities the United States has undertaken.

- The function of the radar on Shemya Island in the Aleutians is national technical means of verification, as its location and orientation make clear. It also has secondary missions of early warning and space track. The radar is located on the periphery of the United States and oriented outward. Like any large phased-array radar, it utilizes technology and some subcomponents which are applicable to phased-array radars generally (including ABM radars), but it is not an ABM radar. It is on an isolated island approximately 1,500 km from the Alaska mainland and approximately 4,200 km from the northwest portion of the contiguous 48 States, a location that would be inexplicable if the radar were intended for an ABM mission.

- The reference to mobile ABM radars relates to an instrumentation radar at the Kwajalein missile range. The Soviets claim that this radar is a mobile ABM radar. It was an instrumentation radar, not an ABM radar, under the provision of the ABM Treaty which established criteria for such radars. When its mission was completed, this radar was dismantled.

- Two stages of the Minuteman I ICBM, but not the whole missile, which is no longer deployed by the United States, were used as part of a research program conducted in full conformity with the ABM Treaty. The test missile in question was observably different from Minuteman I.

- The United States is not developing ABM interceptors with multiple warheads and has never pursued such a program.

The Standing Consultative Commission (SCC): Confidentiality

Soviet Allegation. The Soviet Union asserts that the United States "systematically violates" the agreed principle of confidentiality of discussion of matters before the SCC.

The Facts. The Soviet assertion is false. The U.S. Government has remained committed to the agreed principle of confidentiality and has not made public the proceedings of the commission. Press reports of SCC discussions do not reflect a U.S. Government decision to violate the principle of confidentiality; rather they reflect the operation of a free press.

OTHER TREATY ISSUES

Threshold Test Ban Treaty (TTBT): The 150 Kiloton Limit

Soviet Allegation. The Soviet Union asserts that the United States has conducted, and continues to conduct, numerous nuclear weapon tests that exceed the limits established by the TTBT and the Peaceful Nuclear Explosions Treaty (PNET).

The Facts. The Soviets' assertion is false. The United States does not conduct PNEs and, since 1976, when according to international law, the parties assumed an obligation not to undercut the purpose of the TTBT—in effect, not to test above the 150 kiloton threshold. The United States has been in full compliance with the TTBT.

The United States has developed a practical, accurate, and proven system for direct, on-site, hydrodynamic yield measurements of nuclear detonations—a system known as CORRTEX—that would provide for effective verification of the TTBT and PNET. The United States has met with the Soviets on four separate occasions in 1986 and 1987 at the Geneva nuclear testing experts'

meetings where the United States has presented extensive technical briefings on CORTEX to the Soviet experts. The United States has also reiterated the President's invitation to Soviet Government experts to come to the U.S. test site, where they could observe CORTEX in use on a U.S. nuclear weapon test and clear up any remaining questions. We have prepared the basis for the serious negotiation of necessary verification improvements of the TTBT and PNET which, as the President has promised, would lead to ratification of the treaties. If the Soviets were truly concerned that some U.S. tests had exceeded the 150 kt. threshold, they could readily accept these verification improvements. The Soviets, however, have not as yet taken a constructive approach to the question of necessary verification improvements to the TTBT and PNET.

Limited Test Ban Treaty (LTBT): Underground Nuclear Test Venting

Soviet Allegation. The Soviet Union asserts that radioactive fallout from U.S. nuclear tests has spread beyond national boundaries, in violation of the 1963 LTBT.

The Facts. Over the past decade, there have been no ventings and only two incidents of local seepage of radioactive gases at the Nevada test site, which were detected at levels barely above natural levels and certainly did not result in any spread of radioactivity beyond our national boundaries. Since 1976 the Soviet Union has not raised, until now, its concerns over this issue. In contrast, prior to the Soviet's declared unilateral moratorium on nuclear testing that began in August 1985, there were numerous Soviet ventings of radioactive materials beyond Soviet borders in violation of the LTBT and numerous U.S. demarches protesting this practice. The Soviet Union did not take action to prevent such venting, even though the United States had offered to make available current containment technology to prevent contamination of the environment.

Chemical Weapons

Soviet Allegations. The Soviet Union asserts that the United States has obstructed negotiations at the Conference on Disarmament and refused to respond to the proposal for a European

chemical weapon-free zone, in order to allow the production of binary chemical agents and increase its chemical weapons stockpile "twofold."

The Facts. The Soviet assertion does not charge the United States with non-compliance because the United States is, in fact, abiding by all obligations under the 1925 Geneva protocol. However, the United States has produced no chemical weapons for 16 years and the proposed U.S. binary chemical weapons program represents a belated attempt to counter Soviet chemical warfare capabilities. The U.S. program will not increase U.S. stocks "twofold" but, instead, will give us a smaller and safer stockpile to deter a Soviet chemical attack. In the Conference on Disarmament, the United States has tabled a comprehensive treaty proposal that would prohibit, on a global basis, the production of chemical weapons and provide for the destruction of existing stocks. Since the November 1985 summit, we also have held four rounds of intensive bilateral talks on a comprehensive chemical weapons ban with the U.S.S.R. Soviet involvement in the use of toxins and chemical warfare agents in Southeast Asia and Afghanistan does not inspire confidence that the Soviets will comply with a chemical weapons ban which does not include effective verification measures.

The Helsinki Final Act

Soviet Allegation. The Soviet Union asserts that in contradiction to the commitments made under the Helsinki Final Act, the United States has "undertaken a whole series of actions which led to a sharp increase in the war danger in Europe." This, above all, concerns the deployment of American Pershing II missiles and ground-launched cruise missiles (GLCMs) in Europe and the equipping of U.S. forces with both nuclear and chemical weapons.

The Facts. The Soviet assertions are misleading and self-serving. It is the Soviets who have greatly increased the number of nuclear warheads in Europe. As U.S. efforts to reduce substantially or preferably eliminate all land-based, longer range INF missiles met with persistent Soviet intransigence during the INF [intermediate-range nuclear forces] negotiations beginning in 1981, the

NATO counterdeployments of Pershing II missiles and GLCMs were necessary to strengthen deterrence and consequently reduce rather than increase the danger of war. It was the Soviet Union that broke off the INF negotiations and refused to return to Geneva until March 1985. Moreover Soviet charges lack credibility in light of the large reductions in the total NATO nuclear stockpile in Europe. The United States and NATO are withdrawing 1,400 nuclear warheads, in addition to the 1,000 warheads already withdrawn as a result of NATO's 1979 decision. The limited U.S. chemical weapons retaliatory capability in Europe is intended to deter the use of the extensive Soviet chemical weapons arsenal.

Helsinki Final Act: Exercise Notification Provisions

Soviet Allegation. The Soviet Union asserts that the United States every year stages "enormous" exercises, and that "mere notifications of those exercises without reducing their scope do not eliminate the dangerous character of such actions."

The Facts. The U.S. military activities have been completely in accordance with the provisions of the Final Act. We and our allies have notified all exercises which have exceeded the threshold of 25,000 troops as established by the Final Act and often have notified smaller-scale military maneuvers as a voluntary effort to strengthen mutual confidence. We regret that the Soviet Union has not always reciprocated.

¹Department of Defense Directive 5100.70, 9 January 1973, *Implementation of Strategic Arms Limitation (SALT) Agreements*, as amended by Secretary of Defense memorandum of December 22, 1986, which rescinded those portions pertaining to observance of the Interim Agreement on Strategic Offensive Arms and the SALT II Treaty.

²Department of Defense Instruction S-5100.72 establishes general instructions, guidelines, and procedures for ensuring the continued compliance of all DOD programs with existing agreements, as amended by Secretary of Defense memorandum of December 22, 1986, which rescinded those portions pertaining to observance of the Interim Agreement on Strategic Offensive Arms and the SALT II Treaty.

³Section 36, *Arms Control Impact Information and Analysis*, added to the Arms Control and Disarmament Act by Section 146 of Public Law 94-141 (22 USC 2576). ■

Senate Consideration of Unratified Treaties To Limit Nuclear Testing

The following items, relating to the Administration's request for Senate advice and consent to ratification of the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty, are herein reprinted in their entirety: (1) presidential letter (January 13, 1987) formally requesting the Senate's advice and consent to these treaties; (2) nuclear testing treaty safeguards as recommended by the Administration, on the recommendation of the Joint Chiefs of Staff, for incorporation in the TTBT and PNET ratification legislation to minimize the military risks inherent in ratifying these two treaties (January 13, 1987); (3) presidential letter (October 10, 1986) to the chairmen of the Senate and House Armed Services Committees regarding the President's intention to seek Senate advice and consent on these treaties; (4) statement by the White House Principal Deputy Press Secretary (October 10, 1986) regarding U.S. nuclear testing policy; and (5) statement by Amb. H. Allen Holmes, Assistant Secretary of State for Politico-Military Affairs, before the Senate Foreign Relations Committee (January 13, 1987).

LETTER TO THE SENATE, JAN. 13, 1987¹

Two treaties between the United States of America and the Union of Soviet Socialist Republics on (1) the Limitation of Underground Nuclear Weapon Tests, and the Protocol thereto, known as the Threshold Test Ban Treaty (TTBT) signed in Moscow on July 3, 1974, and (2) Underground Nuclear Explosions for Peaceful Purposes, and the Protocol thereto, known as the Peaceful Nuclear Explosions Treaty (PNET) signed in Washington and Moscow on May 28, 1976, were transmitted to the Senate by President Ford on July 29, 1976, with a view to receiving advice and consent to ratification. (Senate Executive N, 94th Cong., 2d Sess.) Although hearings were held a year later, the Senate itself has not acted on the treaties. I ask the Senate to consider these important treaties anew in light of developments that have taken place over the last decade.

On August 14, 1986, I transmitted to the Congress a comprehensive study² which stated U.S. national security concerns as well as our views on necessary verification improvements to the TTBT and the PNET, in response to the requirements of Section 1003 of the FY 1986 Department of Defense

Authorization Act (P.L. 99-145). I am enclosing a copy of this study and commend it to your attention.

The security of the United States and the entire free world, today and for the foreseeable future, depends on the maintenance of an effective and credible nuclear deterrent by the U.S. This is a considerable challenge, in light of continuing efforts by the Soviet Union to undercut the effectiveness of our deterrent. With the support of Congress we have succeeded in meeting this challenge, and together we must continue to do so in the future.

Today I am requesting per my October 10, 1986, letter that the Senate give advice and consent, subject to the condition set out below, to two pending treaties that have significant implications for Western security: the TTBT and PNET. These treaties have the common purpose of limiting individual nuclear explosions to no more than 150 kilotons. The TTBT, which prohibits nuclear weapon tests above 150 kilotons, places significant constraints on the efforts we may undertake in the U.S. nuclear test program to respond to Soviet nuclear and non-nuclear activities aimed at undercutting our deterrent. Hence, it is imperative that we have the necessary provisions that will make the TTBT effectively verifiable and thus assure ourselves that the Soviet Union is fulfilling its obligations and is thereby equally constrained.

Unfortunately, as I have frequently stated and the enclosed study makes clear, the TTBT and PNET are not effectively verifiable in their present form. Large uncertainties are present in the current method employed by the United States to estimate Soviet test yields. I have on several occasions reported to the Congress on the problems with Soviet compliance with the TTBT. Therefore, achieving Soviet agreement to improved verification measures that would provide for effective verification of these treaties has been my highest priority in the area of nuclear testing limitations.

As I stated in my March 14, 1986, letter to General Secretary Gorbachev, effective verification of the TTBT and PNET requires that we reduce the current unacceptable level of uncertainty in our estimates of the yields of nuclear tests. Indeed, leaders in previous Congresses have shared my view that the present large degree of uncertainty in such estimates is unacceptable, as well as my desire for sharp improvements. In this regard, we require—and have conveyed to the Soviets that we require—effective verification through direct, on-site hydrodynamic yield (CORRTEX) measurement of all appropriate high-yield nuclear detonations. Further, I informed General Secretary Gorbachev that, if the Soviet Union would agree to essential verification procedures for the TTBT and the

PNET, I would then be prepared to request the advice and consent of the Senate to ratification of the treaties. Ratification of the treaties without such provisions would be contrary to the national security interests of the United States.

As written, the TTBT relies solely on teleseismic detection and yield measurement systems and on inadequate and unverifiable data exchange. The Soviet Union has apparently had problems in correctly assessing the yields of U.S. nuclear tests. Despite our best efforts, the Soviet Union has so far not accepted our practical proposal for achieving the necessary verification improvement of the TTBT and the PNET. We have not yet found any alternative approach which equals the effectiveness of CORRTEX—we are striving to achieve a yield-estimation accuracy of about 30 percent by this method. We have, nonetheless, advised the Soviets, at three Geneva nuclear testing experts meetings in 1986, that the U.S. is willing to consider any other direct yield measurement method the Soviets might propose, provided it is at least as capable (in terms of accuracy and non-intrusiveness) as CORRTEX. To date, they have not been forthcoming in proposing or explaining alternative verification techniques that would meet our requirements.

Recognizing the role of the Senate in the ratification process, I am therefore requesting that the Senate give its advice and consent to ratification of the TTBT and the PNET, subject to a condition in the following form:

"The Senate's Resolution of advice and consent to ratification is subject to the condition that the President shall not proceed with ratification of the Treaty on Limitation of Underground Weapon Tests and the Treaty on Underground Nuclear Explosions for Peaceful Purposes until the President has certified to the Senate that the Union of Soviet Socialist Republics has concluded with the United States additional agreements expanding upon the obligations stated in Article II of the Treaty on Limitation of Underground Weapon Tests and including provisions for direct, accurate yield measurements taken at the site of all appropriate nuclear detonations so that the limitations and obligations of these treaties, *inter alia* the 150 kiloton limit, are effectively verifiable, and until such agreements have been submitted to the Senate, and the Senate has advised and consented to their ratification."

I am hopeful we can reach an agreement with the Soviet Union which will allow me to certify that the treaties are effectively verifiable. I will be prepared to ratify the TTBT and the PNET at such time as the condition cited above has been fulfilled.

Further, I informed the General Secretary in Reykjavik that, once our verification concerns have been satisfied and the treaties have been ratified, and in association with a program to reduce and ultimately eliminate all nuclear weapons, I would propose that the United States and the Soviet

Union immediately engage in negotiations on ways to implement a step-by-step parallel program of limiting and ultimately ending nuclear testing.

The steps in this program would take into account our long-standing position that a comprehensive test ban is a long-term objective which must be viewed in the context of a time when we do not need to depend on nuclear deterrence to ensure international security and stability, and when we have achieved broad, deep, and verifiable arms reductions, substantially improved verification capabilities, expanded confidence-building measures, and greater balance in conventional forces.

RONALD REAGAN

NUCLEAR TESTING TREATY SAFEGUARDS, JAN. 13, 1987

Now and for the foreseeable future, our nuclear weapons stockpile plays a prominent role in our national security posture. As long as this is the case, we must safeguard the efficacy of that stockpile and our confidence in it. These safeguards are considered an essential element in ensuring the nation's ability to have the technical means and knowledge necessary to support the nuclear deterrent and existing and future national security policy.

Safeguard "A": The conduct, within the constraints of existing treaties on nuclear testing, of comprehensive, aggressive, and continuing underground nuclear test programs designed to add to our knowledge and improve our weapons in all areas of significance to our military posture for the future.

For the purpose of Safeguard "A," the underground nuclear test programs shall include, but not be limited to, tests sufficient to ensure that our nuclear forces and their supporting command, communications, and intelligence systems are safe, secure, effective, reliable, and survivable, and to advance our understanding of nuclear weapon effects.

Safeguard "B": The maintenance of modern nuclear laboratory facilities and programs in theoretical and exploratory nuclear technology which will attract, retain, and ensure the continued application of our human scientific resources to those programs on which continued progress in nuclear technology depends.

Safeguard "C": The maintenance of the basic capability to resume essential nuclear test programs, in prohibited

environments; and to conduct testing promptly in prohibited yield ranges, should such tests be deemed essential to our national security.

Safeguard "D": In conjunction with a vigorous verification program, the conduct of a comprehensive and continuing research and development program to improve our monitoring capabilities and operations with a goal of providing high-confidence monitoring of those actions from which noncompliance with existing nuclear testing treaties could be inferred.

Safeguard "E": The continuing development of a broad range of intelligence gathering and analytical capabilities and operations to improve our knowledge of the nuclear arsenals, nuclear weapons development programs, related nuclear programs, and the capabilities and achievements of the Soviet Union and other nations.

Safeguard "F": The conduct of a governmental review at periodic intervals to determine whether continued compliance with the provisions of existing treaties on nuclear testing is in the U.S. national security interests.

LETTER TO THE CONGRESS, OCT. 10, 1986

As I meet this week with General Secretary Gorbachev in Reykjavik, Iceland, I believe it is crucial that the Congress join with me in forging a strong bipartisan consensus on a nuclear testing policy that promotes our national security interests and advances long-standing U.S. arms control objectives.

As you are well aware, the Senate and House versions of the National Defense Authorization Act for Fiscal Year 1987 contain different amendments on the nuclear testing issue. The Senate bill includes non-binding language urging me, at the earliest possible date, to request advice and consent of the Senate (if necessary, with a reservation on the subject of verification) to the Threshold Test Ban and Peaceful Nuclear Explosions Treaties (TTBT/PNET) and to propose to the Soviet Union the immediate resumption of negotiations toward conclusion of a verifiable comprehensive test ban (CTB) treaty. The House bill would mandate a one-year moratorium on U.S. nuclear tests above one kiloton in yield, provided the Soviet Union demonstrates matching restraint and agrees to reciprocal in-country monitoring arrangements.

I fully recognize the difficult challenge you have faced in trying to reconcile these differing positions in the conference on this bill. However, I do not believe it is the best interests of our Nation for this dispute to remain unresolved. I think it may be helpful if I were to identify some basic principles upon which I

believe we all agree and to outline my plans for discussing this issue in Reykjavik.

First, let me emphasize that I am committed to the ultimate attainment of a total ban on nuclear testing, a goal that has been endorsed by every U.S. President since President Eisenhower. I am determined to take practical steps in the near future toward this goal.

Second, I am sure we are in full accord that any treaties with the Soviet Union in the arms control area—whether they be treaties requiring reductions in deployed weapons or treaties limiting nuclear testing—must be verifiable. In recent years, advances in technology have made possible methods of improved verification in the nuclear testing area that can and should be incorporated in both pending and any future nuclear testing agreements with the Soviet Union.

Third, I believe that we fully recognize that for over four decades we have relied upon nuclear weapons for the deterrence of war and that nuclear testing has been instrumental in ensuring the safety and reliability of these weapons. A CTB would necessarily require a completely different approach to meeting our crucial interests in the areas of nuclear weapons safety and reliability—interests that will remain vital as long as the United States continues to depend on the threat of nuclear retaliation to deter aggression. Thus how one transitions to a total test ban regime is no less critical a concern than verification or any other national security issue related to an eventual implementation of a CTB.

With these principles in mind, I am prepared to take two important steps toward limiting nuclear testing. First, I intend to inform General Secretary Gorbachev in Reykjavik that as a first order of business for the 100th Congress, if the Soviet Union will, prior to the initiation of ratification proceedings in the Senate next year, agree to essential TTBT/PNET verification procedures which could be submitted to the Senate for its consideration in the form of a protocol or other appropriate codicil, I will request the advice and consent of the Senate to ratification of the TTBT and PNE Treaties. However, if the Soviet Union fails to agree to the required package of essential procedures prior to the convening of the 100th Congress, I will still make ratification of these treaties a first order of business for the Congress, with an appropriate reservation to the treaties that would ensure they would not take effect until they are effectively verifiable. I will work with the Senate in drafting this reservation.

Second, I intend to inform the General Secretary in Reykjavik that, once our verification concerns have been satisfied and the treaties have been ratified, I will propose that the United States and the Soviet Union immediately engage in negotiations on ways to implement a step-by-step parallel program—in association with a program to reduce and ultimately eliminate all nuclear weapons—of limiting and ultimately ending nuclear testing. These steps we can take in the near future—steps which will show the world that the United States is moving forward.

ARMS CONTROL

I believe that the approach outlined in this letter is consistent with the broad purposes and objectives of the Congress with respect to limiting nuclear testing. I hope that this communication will prove constructive in assisting you to reach final agreement on a Fiscal Year 1987 defense authorization bill and will provide a foundation for a bipartisan consensus on this important policy issue.

Sincerely,

RONALD REAGAN

WHITE HOUSE STATEMENT, OCT. 10, 1986³

As the President meets this week with General Secretary Gorbachev in Reykjavik, Iceland, he believes it is crucial that all Americans join with him in forging a strong, bipartisan consensus on a nuclear testing policy that promotes our national security interests and advances longstanding U.S. arms control objectives.

In recent weeks there has been substantial disagreement in the Congress and in the nation over the best approach to reach the goal we all seek—a world in which there will be no nuclear testing because the need for it has vanished. The dispute threatened to give General Secretary Gorbachev the false impression of a divided America. The President did not believe it was in the best interests of our nation to create this impression.

United States policy on nuclear testing limitations is clear:

- Our highest arms control priority in the area of nuclear testing has been, and remains, to seek the necessary verification improvements to the existing Threshold Test Ban Treaty and Peaceful Nuclear Explosions Treaty.

- Once our verification concerns have been satisfied and the treaties have been ratified, and in association with a program to reduce and ultimately eliminate all nuclear weapons, we are prepared to engage in discussions on ways to implement a step-by-step, parallel program of limiting and ultimately ending nuclear testing.

- We remain committed to the ultimate goal of the total elimination of nuclear testing, but only when we do not need to depend on nuclear deterrence to ensure international security and stability, and when we have achieved broad, deep, and verifiable arms reductions, substantially improved verification capabilities, expanded confidence-building measures, and greater balance in conventional forces.

In order to make progress toward our goals, encourage the Soviet Union to negotiate verification improvements, and ensure the necessary national consensus for our objectives, the President has decided to take two new steps:

First, the President will inform General Secretary Gorbachev in Reykjavik that if the Soviet Union will, prior to the initiation of ratification proceedings in the Senate next year, agree to essential TTBT/PNET verification procedures which could be submitted to the Senate for its consideration in the form of a protocol or other appropriate codicil, the President will, as a first order of business for the 100th Congress, request the advice and consent of the Senate to ratification of the TTBT and PNET. However, if the Soviet Union fails to agree to the required package of verification improvements prior to the convening of the 100th Congress, the President will still seek Senate advice and consent, but with an appropriate reservation to the treaties that would ensure they would not take effect until they are effectively verifiable.

Second, the President will inform the General Secretary that, once our TTBT/PNET verification concerns have been satisfied and the treaties have been ratified, the President will propose that the United States and the Soviet Union immediately engage in negotiations on ways to implement a step-by-step, parallel program—in association with a program to reduce and ultimately eliminate all nuclear weapons—of limiting and ultimately ending nuclear testing.

The congressional leadership has responded to the President's decision in a bipartisan spirit and is supporting the President's proposal. The President is grateful for this show of unity. As a result, the President can make it clear to General Secretary Gorbachev that America is united in its determination to take prompt, practical steps to limit nuclear testing, that the first requirement is for him to act now to resolve the verification problems with the existing treaties, and that the United States and the world are awaiting his response.

While the President believes these new steps will allow progress in this area, they must not divert us from the primary goal: elimination of the weapons themselves. Broad, deep, equitable, and verifiable reductions in offensive arms remain our highest priority. Here, too, we have made significant proposals and await a constructive Soviet response. If they are willing, the road to a safer world is open before us.

AMBASSADOR HOLMES' STATEMENT, JAN. 13, 1987⁴

I welcome this opportunity to appear before you for the purpose of addressing the Administration's request for the Senate's advice and consent—with an appropriate reservation—to ratification of the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. I am pleased to note that Administration officials and members of the Senate staff have held thorough consultations on this subject. I appreciate the cooperation of your professional staff.

U.S. Nuclear Testing Policy

U.S. policy with respect to the broad issue of nuclear testing limitations has been clear and consistent throughout this Administration. We are committed to the ultimate attainment of a total ban on nuclear testing under appropriate circumstances, a goal that has been endorsed by every president since President Eisenhower.

But for the present, the United States, its allies, and its friends depend on nuclear weapons for deterrence. So long as we must continue to rely on a secure and credible nuclear deterrent as the ultimate guarantor of peace with freedom, some level of testing will be necessary to ensure the safety, reliability, effectiveness, and survivability of our nuclear weapons. We want to make progress in this area, however, as the President outlined in his letter of last October [see p. 49]. We are here today to testify in support of the Administration's approach to nuclear testing limits.

History of These Two Treaties

The negotiations and support of these treaties represent long and serious efforts by several administrations. They reflect the considered judgment of several presidents that carefully structured limitations on the nuclear weapons development process, if fully observed by both sides, are positive steps.

In 1974, the United States and the Soviet Union negotiated the Threshold Test Ban Treaty, and in 1976, they signed the Peaceful Nuclear Explosions Treaty. Neither of these treaties has been subsequently ratified by either the United States or the Soviet Union. Since 1983, the President has sought verification improvements that would enable him to move forward on ratification.

For its part, the Soviet Union has claimed that if the United States would

ratify the TTBT and PNET and implement their verification provisions, our verification and compliance concerns would be promptly resolved. However, our problems would not be resolved; large uncertainties would remain. For example, the data to be exchanged upon ratification of the TTBT would itself be unverified. Nor would the verification measures in the PNET resolve our concerns about that treaty.

Ratification of the TTBT/PNET

With the necessary verification improvements we seek, we believe these treaties would be in our national interest. The treaties were negotiated as important parts of the longstanding U.S. policy of controlling the development and inhibiting the spread of nuclear weapons.

Specifically, these two treaties, which we have scrupulously observed for over a decade, prohibit larger yield nuclear explosions, such as tests once carried out by the Soviets at levels 15-20 times greater than 150 kilotons (kt). This restriction imposes a significant qualitative limit on one aspect of nuclear weapons development competition.

Then Under Secretary of State for Political Affairs Philip Habib testified before this committee about 10 years ago. He said: "I believe the political benefits which can accrue to us by the ratification of these treaties are as significant as the contributions which they make to the control of nuclear weapons." Formal agreement to this limitation on nuclear testing, by ourselves and our principal adversary, will be seen by other parties as a positive and stabilizing step. It will be viewed as demonstrating leadership in the critical task of peacefully managing our relationship with the Soviet Union while providing an example of self-restraint to all.

In addition, ratification of these treaties will build confidence and meet the reasonable expectations of our negotiating partners and others that arms control negotiations with the United States will result in concrete progress. More importantly, we are hopeful that ratification of improved, verifiable agreements will open the path to more stable and predictable relations with the Soviets. As the President said in his letter requesting your advice and consent, ratification of improved treaties that are effectively verifiable is a necessary first step to further progress.

If the Soviets agree to our proposals to make the treaties effectively verifiable, we will move into a new area

of bilateral cooperation between our governments in the area of verification. For the first time, both countries will allow direct, onsite measurements at nuclear testing sites. This will be a beneficial precedent for other arms control negotiations as well as a good step toward further limitations on nuclear testing.

TTBT/PNET Verification is Highest U.S. Priority

Over the past 2 years, we have placed the highest priority in the area of nuclear testing limits on finding an effective means of verification of the 1974 Threshold Test Ban Treaty and the 1976 Peaceful Nuclear Explosions Treaty. We have proposed concrete means of building confidence by extending a unilateral and unconditional invitation to the Soviet Union to send experts to measure directly the yield of a nuclear test at our test site.

In March 1986, the President urged the Soviet Union to join the United States in discussions on finding ways to reach agreement on essential verification improvements of the TTBT and PNET. He invited Soviet scientists to come to our Nevada test site to examine our proposed verification system fully. He said the United States would be prepared to move forward on ratification of the TTBT and PNET if the Soviets would agree to effective verification.

The President has undertaken a series of additional, concrete, and practical steps.

- After several years of trying to engage the Soviets in expert-level discussions, agreement was finally reached last summer. A first meeting was held in July, a second meeting was held in September, and a third meeting took place in November.
- On October 10, 1986, in Reykjavik, the President announced that as a first order of business for the 100th Congress, he would request the advice and consent of the Senate to ratification of the TTBT and PNET, but with an appropriate reservation to the treaties, which you have, ensuring they would not take effect until they are effectively verifiable.
- Further, the President said that once our TTBT/PNET verification concerns have been satisfied and the treaties have been ratified, he would propose that the United States and the Soviet Union immediately engage in negotiations on ways to implement a step-by-step parallel program—in association with a program to reduce

and ultimately eliminate all nuclear weapons—of limiting and ultimately ending nuclear testing.

In our view, this is a most practical and serious approach to nuclear testing limitations. Yet, despite our efforts, the Soviets have not agreed to it. We remain hopeful they will join us. We have left the door open to negotiation and, in fact, we have recently reiterated through diplomatic channels our proposals for the opening of negotiations with the Soviets in January.

The President's proposals in the nuclear testing and other arms control areas demonstrate our commitment to achieving the conditions necessary for possible additional limitations on nuclear testing in the context of a process of nuclear arms reductions. It is now up to the Soviet Union to make a similar commitment, which they can demonstrate by negotiating in good faith on the President's proposals for essential verification improvements to the existing treaties.

Moratorium

Some argue that these treaties do not go far enough, that the United States should seek a moratorium on testing instead. I want to make a few comments on that proposition. First, as I have already said, nuclear testing is critical to nuclear deterrence, and deterrence is what has kept the peace in the Atlantic treaty area for over four decades. That is a singular achievement. Second, a moratorium or a comprehensive test ban has no effect on the numbers or deployment of nuclear weapons; more important, it would not affect the threats to our security which forced us to arm in the first place. Moreover, it is possible that focus on a comprehensive test ban will divert attention and energy from the practical and achievable steps of arms control represented by these treaties. These treaties can enhance stability and security now, rather than in some distant future, and open the way to that future if the Soviets will agree to address it sincerely and meaningfully. They constitute a significant step along an important path.

Safeguards

I wish also to point out the importance of maintaining adequate safeguards in conjunction with these treaties. We consider safeguards essential to ensuring the nation's ability to retain the technical means and knowledge necessary to support the nuclear deterrent and existing and future national security policies. A description of these

safeguards will be submitted for the record at the conclusion of our testimony [see p. 49]. The military authorities who will make presentations to this committee are prepared to give further details regarding safeguards.

Conclusion

In conclusion, we think there are good opportunities for progress on arms control, including nuclear testing. So far, however, the Soviets have been more interested in the grand gesture than in practical steps. To summarize:

- We have made it absolutely clear that we require nuclear testing for our security and the security of our allies. We intend to continue with our testing programs.
- A nuclear testing moratorium is unacceptable. It diverts attention from the real issues.
- What is needed now is to enhance confidence in verification of the TTBT and PNET. We place top priority on the achievement of a reasonable and effective system by which we can verify compliance with the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. The United States has made a series of concrete proposals to the U.S.S.R. in this regard.
- We are prepared to open negotiations with the Soviets now. Once these treaties are effectively verifiable and have been ratified, we would proceed in accordance with the step-by-step process outlined by the President in Reykjavik in October.
- We seek the Senate's advice and consent to these two treaties, with an appropriate reservation.

I ask for your continued support in our responsible approach to nuclear testing limitations.

¹Text from Weekly Compilation of Presidential Documents of Jan. 19, 1987.

²See Special Report No. 152, "Verifying Nuclear Testing Limitations: Possible U.S.-Soviet Cooperation," Aug. 14, 1986.

³Text from Weekly Compilation of Presidential Documents of Oct. 20, 1987.

⁴The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Countering Today's Security Challenges

by Ronald I. Spiers

Statement before the Senate Select Committee on Intelligence on April 23, 1987. Ambassador Spiers is Under Secretary for Management.¹

I welcome the opportunity to meet with this committee today. Over the last few weeks, much of our nation's attention has been focused on the unfolding stories of espionage, electronic bugging, and allegations of treason in our Embassy in Moscow and our Consulate General in Leningrad. These are serious and chilling charges. Unfortunately, neither the facts nor the solutions can be easily summarized in banner headlines. The facts are often overshadowed by the atmospherics. We are committed to providing the highest degree of physical and technical security possible. At the same time, we have to keep in mind that security is not an end in itself. It is a tool which enhances our ability to pursue the interests of the United States abroad.

We are deeply concerned about what has happened in Moscow and in Leningrad. Frankly, it is almost beyond belief that Marine security guards could do what they allegedly did in Moscow. The United States has relied on the integrity of the Marine security guard system for almost 40 years. The program has a proud history. We never considered that we needed guards to guard the guards. But several of these guards now stand charged with espionage. Treason cannot be justified or rationalized by a harsh or isolated environment, or by youth, or by the quality of supervision. We had clear rules restricting fraternization in East European countries; sexual entrapment is an age-old staple of intelligence services. The Marines in Moscow understood this, but some of them knowingly violated the rules.

We cannot absolve the State Department or any other agency of responsibility. All concerned agencies, and especially the State Department, must look within to see where our policies, procedures, and/or personnel have failed us. With the help of Anne Armstrong of the President's Foreign Intelligence Advisory Board, former Secretary of Defense Mel Laird, Ambassador Bill Brown, and others, we are investigating the security breaches, assessing the damage we've suffered, and determining how we can

prevent future recurrences in Moscow and elsewhere.

I do not believe, however, that what happened in Moscow can be taken as an across-the-board condemnation of the security policies of Embassy Moscow, of the Department of State, or of this Administration. The fact of the matter is that this Administration—and particularly the Secretary of State—has taken the lead in correcting many of the long-neglected physical and technical security problems at our overseas missions. The Department of State has taken the lead in pursuing a wide range of security initiatives over the past several years at all overseas posts—and in Moscow, in particular.

Efforts To Address Security Concerns

In early 1984, we concluded that we needed a major new program to cope with contemporary security challenges. For this reason, we recommended that the Secretary establish a panel of experienced outsiders to examine the entire range of security threats—both physical and counterintelligence—against our overseas posts. We recommended that Adm. Bobby Inman head the panel. We knew that any comprehensive security program recommended by such a panel would require a tremendous amount of additional resources but felt that the time had come to lay out for the Congress and for the American public a security program which they could accept or reject. The Secretary approved our plan without hesitation.

The Inman panel made its report to the Secretary in mid-1985, and within weeks, we had put together a 5-year, \$4.4-billion program to implement most of the panel's 91 recommendations. At the same time:

- We established a new bureau in the Department devoted exclusively to security. If the committee wishes, I will submit a detailed description of the organization and functions of the Bureau of Diplomatic Security for the record.
- We set up recruitment and training programs for a new, expanded generation of security officers. Our security specialist corps has grown from 572 in 1985, to 675 in 1986, to 1,017 by the end of fiscal year 1987.

- We took steps to change the Foreign Service culture to increase the security sensitivity of our colleagues, many of whom felt security contradicted the traditional mission of the State Department—i.e., to get out and make contacts and penetrate other cultures and societies. To make the point dramatically, the Secretary, in September 1984, began daily morning meetings on security. This communicated his priorities throughout the service.

- We collaborated effectively with our sister agencies in the intelligence community to understand and develop effective countermeasures to foil electronic threats to the integrity of our information and communications systems.

- We reorganized our Office of Foreign Buildings to bring it into the modern age, staffed and equipped to cope with a massive new security construction program. They are now managing 62 construction projects, most of which are on schedule and within budget.

We had the full support of the Secretary of State at every step of the way. The Inman report succeeded in giving a "jump start" to what I believe will turn out to be an effective security program. After a lengthy series of congressional hearings, we received congressional authorization last fall for a \$2.1-billion security construction program. However, as you know, the funds appropriated so far have fallen far short of the amounts requested. (A total of \$2.7 billion was requested, while only \$622 million was appropriated to implement Inman panel recommendations.) We got the first dollar on August 12, 1986—and most of the initial \$39 million did not materialize until the end of October.

Our security efforts have addressed two main and interrelated concerns:

- Improving the physical security at our posts abroad against mob violence, terrorist attacks, and unauthorized intrusion; and
- Protecting the technical security of those posts and of our communications network.

We realize we can never be 100% secure. But we must and are taking every prudent step to reduce the possibility of successful terrorist attacks. There are limits, however, to what we can do. Ultimately, the physical security of our embassies, our consulates, our overseas schools, and our homes overseas depends upon the willingness of host governments to defend and protect us.

Similarly, we are doing everything we can to avoid technical penetration of

our diplomatic facilities. However, given the technology in this field and its evolution, we must do even more. We would be foolish to assume that any embassy—especially one in a hostile environment—could ever be guaranteed 100% technically secure. Every Foreign Service person abroad must assume that anything he or she says—in the office, in the car, even in the bedroom—can be monitored. We can never smugly assume that even the secure areas of our embassies are secure; for that reason, we have rigorous procedures in place to sweep these areas periodically for signs of technical penetration. We also have doubled the number of security officers assigned to counterintelligence work.

Specific Problems

Let me say a few words about the specific problems in Moscow.

Marine Security Guards. First, the Marines: I mentioned how the Marines have earned our trust over the past 40 years. They are truly considered a part of the Foreign Service family overseas. We should not permit several bad apples to ruin this record of service and trust. The Marines in question violated a clearly stated rule against fraternization. When we discovered these violations, we moved swiftly to remove the offenders. What we failed to do, however, was to investigate immediately whether the fraternization violations had led to more serious violations, such as treason. When one Marine turned himself in for having collaborated with the KGB, we then immediately launched an aggressive investigation which has led to further espionage charges against other Marine security guards.

What about the question of culpability or security laxness on the part of embassy management?

The Ambassador is ultimately responsible for what takes place in his mission. However, rules of reason must also be applied. There is a chain of command. If the Marine sergeant in charge of the detachment was aware of fraternization and did not act to stop it or report it to the RSO [regional security officer], he is culpable. The same is true of the RSO and up the line to the Ambassador. There is no evidence to suggest that any of this is the case, but investigations are proceeding. I do not agree with those who charge Ambassador Hartman as lax in his approach to security.

We do not know what damage was done as a result of these events in Moscow and Leningrad. However, we

have to assume the worst. Accordingly, we will be spending substantial time and money to replace the potentially compromised facilities in Moscow and Leningrad. We have also broadened our investigations to include other missions in Eastern Europe.

We will be strengthening policies to prevent the recurrence of these security breaches in other high-technical-threat posts. In my view, substantially shorter tours of duty for Marine security guards would reduce their window of vulnerability to hostile intelligence services. We are working closely with the Marine Corps to improve the program. We had already planned to install alarm systems which record events such as intrusions and which cannot be bypassed. This will be accelerated. We will use polygraphs as an investigative tool in cases of fraternization. We will reaffirm the role of the chief of mission as the commander in chief of the Marine security guard detachment. Other approaches will, no doubt, be examined in the course of the other investigations I have mentioned.

Foreign Service Nationals. When the problem of Moscow Foreign Service nationals and their KGB connections was raised as a policy issue several years ago, the Department of State thoroughly examined the idea of replacing the Soviet support personnel in Moscow with Americans. There were strong arguments on both sides of the issue. The price tag for replacing the Soviets with Americans was high and required additional appropriations from the Congress. Ambassador Hartman and others in the Department also pointed out that this kind of a replacement program might solve one set of security problems while creating yet another set of security problems. Americans imported into Moscow's harsh environment as mechanics, plumbers, carpenters, and chargs would widen the target for Soviet espionage.

On the other hand, Soviet-supplied support personnel were known quantities. They could be watched and isolated. We knew that some of them had KGB connections. We also knew that there were risks involved in letting them work at close proximity with the American staff. Others believe these considerations were outweighed by the fact that the Soviet support staff provided the Soviet intelligence services with yet another means of evaluating potential vulnerabilities of the American staff.

This was an issue on which reasonable men could disagree. After weighing these arguments, the Secretary decided to proceed with a phased substitution

program. Ambassador Hartman himself proposed such a program in April 1985, and it commenced the next month. Before it was put fully into effect, however, the Soviets preempted it by withdrawing all Soviet support staff last October. It is ironic, and perhaps revealing, that many in Washington predicted that the Soviets would never withdraw the support staff because the KGB was too dependent on them for intelligence entree.

Embassy Building Project. A few words are necessary about the building project in Moscow. You are aware of our discoveries, over a period of years, about the sophisticated and carefully designed intelligence system the Soviets have built into our new chancery. State Department security officers, working with other agency experts, are leading an all-out effort to examine counter-measures to thwart the Soviet penetrations of our chancery. The Soviets were able to mount this attack in part because we allowed them, pursuant to an agreement concluded 15 years ago, to prefabricate the concrete beams for the structure offsite and away from U.S. supervision. We will cope with this Soviet technical attack even if it means dismantling the \$23-million structural shell. (The press has incorrectly reported that we will lose a \$190-million investment if we tear down the chancery. In fact, the \$190-million Moscow project actually consists of eight buildings, only one of which is the chancery, which would house sensitive activity. The other seven buildings are already occupied.) Furthermore, we are submitting to arbitration the costs we've incurred in identifying and correcting the Soviet technical attack. If we can make the building secure without demolition, we think we can complete construction in Moscow with the unspent funds remaining in the \$190 million already appropriated for the project by the Congress.

At our recommendation, Secretary Shultz asked former Secretary of Defense and CIA [Central Intelligence Agency] Director Schlesinger to examine all of the information we have gathered on the Moscow chancery problem in all its aspects and make recommendations as to how to deal with it. We expect his report shortly.

Conclusion

I have outlined briefly some of our security efforts. With your permission, I would be happy to provide a more detailed chronology for the record.

We in the Department of State take our responsibilities for the security of U.S. diplomatic installations abroad very seriously. Our efforts over the last several years, as well as our approach to what has happened in Moscow and Leningrad, demonstrate this. Security is, however, important because it allows us to carry out our primary mission

abroad—the pursuit and defense of the interests of the United States.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S.-Japan Trade Relations

by W. Allen Wallis

Address before the Commonwealth Club in San Francisco on April 13, 1987. Mr. Wallis is Under Secretary for Economic and Agricultural Affairs.

You Californians know the importance of international trade, particularly trade with Japan. California, I am told, trades more with the countries of the Pacific Rim than with the other 49 States.

I will start this afternoon by reviewing U.S. economic relations with Japan. Then, as background for discussing our trade deficit with Japan, I will consider our aggregate trade deficit. Finally, I will discuss the trade deficit with Japan and what we should do about it.

In recent weeks, there has been a great deal of unsupported and inflated rhetoric, both in this country and abroad, about the trade problems between the United States and Japan. Some commentators talk about a trade war and even about general deterioration in U.S.-Japan relations. Much of what is said is wrong and mischievous, serving selfish special interests at the expense of our national interest. The United States and Japan continue to be close partners, both in economic matters and in international political and security matters. Nevertheless, there are real and serious issues between us—more than the ordinary frictions that arise in any extensive commercial relations.

Recently, much of the rhetoric has centered around the decision 10 days ago to impose import tariffs of 100% on \$300-million worth of imports from Japan, thus pricing them out of our market. We are taking this action because an "arrangement" we made with Japan to promote semiconductor trade has not yet achieved the intended results. When it becomes clear that the semiconductor arrangement is working as both sides intended, the tariffs will be rescinded.

U.S.-Japan Economic Ties

It is important to consider our trade with Japan in the context of our entire economic relationship. The two-way trade between Japan and the United States in 1986 was \$112 billion, which exceeds the gross national products (GNP) of all but a few nations. It was nearly as much as our combined two-way trade with all 12 nations of the European Community, whose total GNP is about double that of Japan. Together, the United States and Japan account for some 60% of the production of the Western industrialized nations. The total direct investment in each other's economies is about \$25 billion and growing at an impressive rate. Japanese firms have established manufacturing facilities in 40 U.S. States and employ some 80,000 American workers. Those investments have raised our productivity and made us more competitive in the global marketplace. The United States and Japan provide about half of all new international bank lending. Together, we provide nearly half of all economic assistance to developing nations.

Japan's net long-term capital outflow in 1986 was an enormous \$132 billion—more than double that of the year before. Some estimates are that \$100 billion of that capital came to the United States. Headlines always focus on our trade deficit with Japan, never on the enormous capital surplus we enjoy with that country. The capital surplus is about \$40 billion more than the trade deficit. That capital inflow helps to finance the growth of American companies and the American economy instead of Japanese companies and the Japanese economy. It also helps to keep U.S. interest rates down in spite of the fact that personal savings in the United States are rather small. If this inflow were to diminish, we could expect U.S. interest rates to rise and productivity to rise less rapidly.

The good news about the capital surplus points up the danger of focusing on just one statistic—the trade deficit—in considering the economic relation between two countries. As an editorial in the *Wall Street Journal* of April 6 says:

Putting the trade balance at the center of world economic policy... is a formula for world economic war, for competitive devaluations, and mercantilism.

Remember that every single dollar that we spend to buy Japanese products will be spent again to buy American goods, services, or investments. Perhaps it will not be Japanese who spend those dollars here—it may be people in third countries who have sold things to Japan—but you can be sure that every last dollar will come home to roost. To put it another way: the Japanese are not giving us anything; for everything we get from them, we will have to deliver something to them or to someone they designate.

We are the largest market for Japan's exports, but many people say Japan will not buy our exports. That is simply false; the truth is that Japan is, by far, the largest overseas market for U.S. exports. Only Canada buys more from us than does Japan—and Japan expects that next year its two-way trade with us will exceed Canada's. Japan bought \$27-billion worth of U.S. goods last year. That is more than we sold to West Germany, France, and Italy combined. Sixty percent of our sales to Japan were manufactures. Now that the dollar is lower, our exports to Japan are increasing at an accelerating rate. They jumped over \$4 billion last year.

Trade Imbalances

We must relate the large trade imbalance with Japan to our total economic, political, and security partnership. We risk missing the forest for the trees as we deal with individual trade issues one by one—although I must say that in Japan the number of trees obstructing imports almost constitutes a forest in itself.

We cannot correct our trade deficit through protectionism. Protectionism means less trade, and what we need is more trade. Those of us who remember the Smoot-Hawley tariff of 1930 and the depression of the 1930s—and one person who never forgets them is Ronald Reagan—know the economic devastation which comes from erecting the walls of protection.

However, there is no doubt the U.S.-Japan trade imbalance, and our global trade imbalance, must be reduced—and soon. While international imbalances are not inherently bad economically, we must face the fact that large imbalances, especially trade deficits, lead to political problems. One of the most serious political problems is protectionism. The atmosphere in Washington today is dangerously protectionist. In some ways, it is reminiscent of the time, 58 years ago, when Smoot-Hawley was rolling through Congress. However, it is by no means clear that Congress is going to be swept completely away from its moorings in good practical sense—or overlook the political consequences that would follow from rising prices and unemployment caused by protectionism.

While our trade deficit with Japan last year was \$58 billion, we had a global deficit of \$166 billion. We cannot blame Japan for the \$108 billion in deficit with other nations. We must recognize that our overall trade imbalance is primarily the result of internal imbalances in our economy that have little to do with Japan.

Causes of the Trade Deficit

The causes of our trade deficit are found essentially in macroeconomics, not in the problems of individual industries. The deficit in the current balance of payments (which includes the trade balance) is equal to the surplus in the capital account. The causal relation between current and capital accounts can run in either direction. A trade deficit can emerge simply because there is a net inflow of foreign capital. There is strong evidence that this is a primary cause of the U.S. trade deficits of the past 5 years.

In the United States during the past 4 or 5 years, the attractiveness of investment has been greatly enhanced by our robust economic expansion, our sharp reduction in inflation, our favorable tax climate, our reduction of regulations, and our free-market policies. Investment climates have been less favorable in other countries, especially in Europe and Latin America. In the United States, a large part of our private saving—none too plentiful to begin with—is absorbed by large government expenditures. All of these factors have produced a reduction in the outflow of capital and an increase in inflow, thereby raising substantially the net inflow of capital into the United States. This inflow has expanded demand for dollars and, thus,

increased their value. The dollar's rise until early 1985 greatly weakened the competitive position of U.S. exports and strengthened the competitive position of imports. The dollar began to decline late in February 1985, and the decline already has improved our competitive position.

It is worth taking a closer look at the relation between the trade deficit and competitiveness. The fact that we have a trade deficit does not say anything about the technological strength or competitiveness of U.S. industry. It does not mean that the United States has lost or is losing its competitiveness. It is more a sign of economic strength than of economic weakness because it results from our attractiveness for investment, including foreign investment. We have a trade deficit because even more is consumed and invested here than is produced here. Total output in the United States and output per capita are both higher now than in 1982 when we last had a trade surplus. The United States is the world's largest exporter—not Japan.

Moving Toward Better Global Balance

If the United States and other countries with current account deficits are to increase their exports, then demand, consumption, and investment in countries with current account surpluses need to grow at a greater rate than output. There needs to be a greater focus on "homegrown" growth in trade surplus countries. If other countries were to follow policies that made their economies as attractive to investors as ours is, that would reduce their trade surpluses and lower our trade deficit. We frequently urge Japan and Germany to adopt policies that would expand their economic growth. Economic growth requires freeing up their economies. Market forces—free enterprise and free choice for consumers—must be the guiding principles. This is why the issue of "structural adjustment" has become one of the major items at the international economic conferences, including recent economic summits.

On the basis of the consensus reached at the summits, economic officials of the major industrialized countries, in September 1985, outlined in the Plaza agreement appropriate domestic structural measures such as reducing rigidities in labor and capital markets and providing a sound basis for more balanced, noninflationary economic

High Technology Export Controls

**WHITE HOUSE ANNOUNCEMENT,
MAR. 18, 1987¹**

The White House today sent to the Congress a series of proposed steps to streamline the government's export control procedures for high technology items. These proposals are part of the President's energetic program to enhance America's competitiveness in the world economy. This nation's ability to export its high technology products and services is central to our ability to compete. At the same time, we remain mindful of aggressive Soviet efforts to acquire Western technology. Soviet successes in this area have contributed directly to Soviet military capability and have cost the American taxpayer dearly as the United States seeks to maintain its technological lead.

The proposals submitted today will simplify export procedures and eliminate administrative burdens on U.S. exporters. They include the exemption

from license requirements of a number of low technology items, which should reduce the total number of export license applications by almost 10%. The proposals will also eliminate the need for reexport authorization to the Coordinating Committee for Multilateral [Security] Export Controls (COCOM) countries and will put in place a certified end-user program whereby COCOM country government-related enterprises will not need validated export licenses. Another proposal will allow foreign manufacturers to reexport U.S. parts and components up to a certain level without U.S. Government reexport authorization.

The Administration looks forward to working with the Congress in the export control system in a way that meets the needs of American exporters and protects our fundamental national security interests.

¹Text from Weekly Compilation of Presidential Documents of Mar. 23, 1987. ■

growth. This strategy was reconfirmed in the Louvre agreement in February and at the Group of 7 meeting in Washington last Wednesday.

U.S. Economic Policy Vis-a-Vis Japan

The Administration devotes more attention to its economic relations with Japan than to its economic relations with any other country. Japan's high propensity to export can be traced to domestic economic factors which have discouraged domestic investment and consumption in recent years and to its need to export enough to pay for imports of energy and raw materials. Because of widespread inefficiencies in its domestic economy which discourage investment at home, Japan has proven much better at exporting than at importing. There are many official impediments to trade, such as quotas on rice, beef, citrus, and other agricultural products. But there are also many important unofficial barriers, such as cultural preferences for dealing with other Japanese firms, a certain prejudice against imports, concentrated industries,

a primitive distribution system, extensive and complicated government regulations administered by a powerful xenophobic bureaucracy, a political system in which special interests too often override the national interest, and plain inertia.

As part of our overall strategy for reducing global imbalances and promoting growth, we have developed a firm and consistent policy to encourage the opening of Japan's markets. Six of the main elements of our policy are:

- Addressing the fundamental issues behind our trade imbalance by encouraging the restructuring of the Japanese economy in ways that will make it more attractive to investors, both foreign and domestic;
- Encouraging further liberalization of Japan's financial and capital markets;
- Demanding the removal of trade barriers to permit trade based on comparative advantage;
- Seeking the liberalization of entire industrial sectors through the so-called MOSS process (MOSS means market-oriented, sector-selective);
- Taking action under our trade laws, when necessary, to remove unfair trade practices; and

- Cooperating with Japan internationally to strengthen the world trading and monetary systems—in particular, to promote the success of the Uruguay trade round.

Market Opening Measures

If we are to expand our exports to Japan, several things must happen. First, Japan must continue to open its markets. Much progress has been made in opening Japan to foreign products in recent years, but much remains to be done. There are major political problems in Japan (as in all countries) associated with opening markets, especially in agriculture. The drastic actions necessary to restrain protectionism by Japan's trading partners will mean traumatic and painful change; but if those painful changes are not instituted soon by Japan, even more traumatic changes probably will be imposed on Japan from outside.

Since Japan announced its trade "action plan" of 1985, the guiding principle of Prime Minister Nakasone's government has been markets "free in principle, with restrictions only as exceptions." There has been much opening in many sectors. In recent months, we have seen reductions of various barriers to U.S. fish products, tobacco, legal services, forest products, medical and pharmaceutical goods, telecommunications equipment, banking services, and others.

Japan is, in fact, almost the only country that has been removing barriers in recent years, although, admittedly, it has more opportunities for that than most countries. Most other countries are putting new barriers in place. Japan now has the lowest average import tariffs of any major industrial nation. Nevertheless, too many barriers remain, and to the businessman who must deal with the barriers, exceptions to free trade may appear to be the rule. Consequently, we continue to push for the removal of individual trade barriers which affect a wide variety of American goods and services.

We also continue to seek open markets through the MOSS process. The MOSS talks, over the last 2 years, have achieved substantial results. Overall, there was a 12% increase in U.S. exports to Japan of products in the MOSS categories. There was a 27% increase in sales of telecommunications equipment. Last year, we added the transportation sector to the MOSS talks and are seeking ways to increase sales of U.S. auto parts to Japanese automobile producers.

Structural Adjustment

While we recognize that market access continues to be a problem, we must, at the same time, recognize that market access in itself is not the solution to our trade deficit. It is impossible to estimate precisely how much U.S. sales to Japan would increase if there were free access to Japan's markets, but estimates are that the increase would be no more than \$10-\$15 billion—about equal to what we keep out of the U.S. market through the various restraint agreements we have with Japan. We also prohibit the export of certain products, such as oil and timber, which could add several billion dollars to our annual exports to Japan. But reduction of barriers on both sides, while an important goal, would not eliminate even half of our trade deficit.

Even though lowering trade barriers will not make a great deal of difference in the trade balance, it is important because it makes trade more efficient and more beneficial to both countries.

What is needed in addition to market access is a strong yen and structural adjustment in the Japanese economy. The yen has appreciated significantly in the last year and a half. This shift in exchange rates has already begun to affect Japan's exports and imports. According to Japanese customs data, the volume of exports fell 1.4% in 1986, while the volume of imports rose 13.3%. These changes are not yet reflected in official trade statistics, which are stated in dollars, because Japan's imports are now cheaper due to the yen's appreciation and Japan's exports are more expensive when measured in dollars.

Japan's economic growth since the war has been impressive by any yardstick. Exports, especially exports to the United States, were an extremely important factor in that growth. However, Japan is no longer a recovering or developing economy; it now has the second largest economy in the world and is one of the wealthiest nations. It must move its economy away from its overdependence on exports for economic growth and, instead, promote domestic-led growth. By making appropriate structural adjustments, Japan would add to the welfare of its own people and, at the same time, make a larger contribution to economic growth in the rest of the world.

Japan's leaders recognize this. They recognize that the economic and foreign trade structures of Japan can no longer be sustained, politically or economically. The Prime Minister's special advisory

council, known as the Maekawa commission, last year issued its report calling for a transformation of Japan's economic structure to promote domestic growth and to put Japan's external trade into better balance with the rest of the world. Prime Minister Nakasone and the Liberal Democratic Party endorsed its recommendations.

Indeed, there has been a sea change in Japanese attitudes toward Japan's role in the global economy. Japan's business leaders, through the Keidanren (Japan Federation of Economic Organizations), have issued their own policy proposals, stating that transition to a totally free trade system must become a Japanese national goal. They do so because they recognize that this is in Japan's own best interest.

Just how Japan should increase growth in its domestic economy is, of course, a difficult and sensitive issue. The Maekawa commission recommended, among other things, that Japan take measures in three sectors—private consumption, housing investment, and public works.

Growth in private consumption in Japan has been relatively weak. One reason is that growth in personal disposable income has lagged behind growth in the economy. Income can be increased by cutting personal income tax rates, as well as by raising wage rates. Much of the large trading profits enjoyed by Japanese companies in recent years have not been passed through to the domestic economy or used for increased domestic investment but have been invested abroad to take advantage of rates of return higher than can be earned in Japan's economy, which is generally inefficient.

The savings rate in Japan is high by international standards. The large gap between domestic savings and domestic investment is a major cause of the current account imbalance. In this situation, the Maekawa report saw no need for continuing to stimulate savings through tax-free savings accounts.

The excess of savings over domestic investment is also directly related to housing investment in Japan. The lack of full deductibility for mortgage interest means most families must save for large downpayments on their homes, thus postponing home ownership. High land prices, directly related to Japan's protection of agriculture, also suppress housing investment.

There has been a great deal of talk within Japan recently about the need to build Japan's social capital for the

future. There are, of course, budgetary restraints on public works, but there are major opportunities to build up Japan's infrastructure in transportation, housing, recreation, schools, environmental protection, and the like. As the population is aging rapidly (Japan leads the world in this respect), it will become more difficult to make such improvements in the future. Last week, the Government of Japan announced a \$34-billion program to improve the infrastructure.

The Japanese Government, as part of its program to promote economic growth, has introduced in the *Diet* a program of tax reforms. Among other things, the reform seeks to reduce marginal tax rates on personal and corporate incomes, to impose taxes on income from interest, and to make personal income tax rates less steeply progressive.

Changes as fundamental as those recommended by the Maekawa commission, the Keidanren, and other groups in Japan take time. Unfortunately, time is a precious commodity these days, so we have consistently made Japan aware of the urgency of the situation. Our two governments have an ongoing dialogue about the need for these structural adjustments.

A Time for Action

In closing, let me reiterate that Japan and the international economy are at a crucial point. Dramatic actions by Japan are needed now to quell the forces of protectionism which we see swelling throughout the world. Japan must assume the full responsibility of an economic superpower. Japan needs to become an importing superpower as well as an exporting superpower. Japan should sweep away remaining import barriers, including in agriculture; avoid regulations and other restrictions which impede imports and foreign business activities in Japan; and take urgent measures to restructure its economy and promote more rapid domestic-led growth.

Prime candidates for action would include forestry, paper, energy, and agriculture; the 22 so-called depressed industries; the retailing and distribution system; buying practices; and financial markets.

Market liberalization and restructuring are both in Japan's domestic and international interests, and this is why I

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think Japan must—and will—take such action. Import liberalization will benefit consumers and contribute to economic efficiency and growth, as will structural adjustment. At the same time, dramatic actions which provide real promise of a reduction of Japan's external imbalances are essential for the preservation of the free trading system, from which Japan so greatly benefits, and for the maintenance of good relations of Japan with the United States and other countries.

For the past 40 years, the United States and Japan have forged an increasingly intimate, cooperative, and mutually beneficial relationship. We look forward to the visit to Washington of

Prime Minister Nakasone at the end of this month; that will provide an opportunity to reaffirm the close and vital partnership between our two nations. In particular, it will be an opportunity for the President and the Prime Minister to discuss concrete actions to deal with our economic relations in general and trade problems in particular. They will not be able to pull any rabbits out of their hats—in fact, they do not even wear hats—but in their meetings they always have succeeded in advancing the cause of good relations. I am confident that they will do so again and will set an agenda for progress. ■

- 150 scientists, coordinated by Dr. Robert Watson of NASA, prepared a landmark publication on the state of knowledge about atmospheric ozone, under the auspices of NASA, the World Meteorological Organization (WMO), UNEP, the European Communities, NOAA [National Oceanic and Atmospheric Administration], FAA [Federal Aviation Administration], and the German Federal Ministry for Research and Technology.

At the same time, U.S. Government representatives were working bilaterally with various governments to improve understanding of the nature of the problem and the options for reducing risks.

- EPA, NASA, and NOAA have worked with scientists in key nations, such as India, Egypt, and Australia, to increase understanding of the risks if depletion should occur and to advance scientific assessment and monitoring capabilities.

- We have discussed the issue with policymakers in key countries. For example, my deputy Richard Benedict, who is the lead U.S. negotiator, and a team from EPA went to Brussels and Bonn last November for consultations in preparation for the December negotiations.

As this extensive bilateral and multilateral effort moved forward, we saw that consensus was emerging, both in the United States and in the international community, in a number of important areas.

- The ozone layer is an exceedingly valuable resource for the present and future population of the world.

- The ozone layer is likely to be adversely affected by the long-lived chlorine molecules which stem from chlorofluorocarbons.

- If ozone depletion occurs, the increase in harmful ultraviolet radiation reaching the Earth could pose significant—even if currently difficult to quantify—risks.

- While many scientific questions remain to be answered, the risks are sufficiently serious to warrant control actions.

- The very nature of the ozone layer requires global cooperation if protective measures are to be effective.

The U.S. Position

The U.S. Government believes that the potential risks to the stratospheric ozone layer require early and concerted action by the international community. We seek agreement on the following:

Protecting the Ozone Layer

by John D. Negroponte

The following report is based on testimony before the Subcommittee on Toxic Substances and Environmental Oversight of the Senate Committee on Environment and Public Works on January 28, 1987, and has been updated to include developments at the February round of negotiations on a chlorofluorocarbons (CFC) protocol in Vienna.¹

Ambassador Negroponte is Assistant Secretary for Oceans and International Environmental and Scientific Affairs.

The United States, along with other nations of the world, is engaged in a historic effort to undertake cooperative measures to prevent potentially serious adverse effects from depletion of stratospheric ozone. The Vienna Convention for the Protection of the Ozone Layer, signed in March 1985 under the auspices of the United Nations Environment Program (UNEP) and ratified by the United States in August 1986, was an important first step. But, as many of the members of this committee noted in speaking in favor of ratification of the convention, additional concrete measures are necessary. We are now engaged in negotiations under UNEP auspices on a protocol to the convention which would provide for regulatory controls on ozone-depleting chemicals.

The Environmental Protection Agency (EPA) has responsibility under the Clean Air Act for domestic regulation of ozone-depleting substances. The Department of State is working closely with EPA and other Federal agencies to keep our domestic and international

efforts congruent. We have consulted closely with representatives of U.S. industry and environmental groups as the domestic and international processes develop.

Laying the Foundation of Common Understanding of the Issue

Between the adoption of the convention in Vienna in March 1985 and the resumption of negotiations on control measures in December 1986, the international community participated in a unique cooperative effort to improve common understanding of the nature and impacts of the ozone depletion issue. The U.S. Government played a leading role in that process.

- A two-part UNEP workshop—in Rome in May 1986 and in Leesburg, Virginia, in September 1986—focused on key economic issues related to the control of ozone-depleting chemicals.

- In June 1986, the U.S. cosponsored with UNEP an international conference with over 300 participants on the effects of both ozone depletion and climate change.

- The Coordinating Committee on the Ozone Layer (CCOL), a UNEP body comprising scientists from many interested nations, assessed current knowledge of the atmospheric science and effects of ozone depletion, and presented their findings to UNEP for consideration in the development of measures to protect the ozone layer. Scientists and policymakers from EPA and NASA played a leading role.

- A near-term freeze at current emission levels of CFC 11, 12, 113, and 114, and Halons 1211 and 1301;
- A longer term scheduled reduction of up to 95% in emissions of these chemicals; linked to
- Periodic reassessment based on a regular review of the science and of economic and technical considerations.

No specific time frames and no specific percentage reductions have been determined for the scheduled reductions as of the present time; studies of environmental and economic implications of various options are under way, however, to provide the basis for a U.S. position on these elements of a protocol. We believe a protocol should:

- Provide as much certainty as possible for industrial planning in order to minimize the costs of adjustment;
- Provide adequate time for shifting away from ozone-depleting chemicals to avoid social and economic disruption, while at the same time give a strong incentive for the rapid development and employment of safer substitutes and recycling techniques;
- Address all the principal manmade sources of long-lived atmospheric chlorine and bromine;
- Allow flexibility for national implementation by allowing trade-offs among controlled chemicals based on their relative ozone-depleting effects;
- Take into full consideration scientific uncertainties and promote future improvements in understanding by instituting a requirement for periodic reassessment of the goal and timing of limits; and
- Create incentives to participate in the protocol by regulating relevant trade between parties and nonparties.

Geneva, December 1986

We have come a long way since March 1985 in Vienna. In the first round of resumed negotiations in Geneva, representatives from all regions agreed that new measures must be taken in the near term to control emissions of ozone depleting chemicals. However, differences over the scope, stringency, and time-phasing of control measures remained.

The week-long session included some 120 participants from 25 governments plus international organizations, industry, and environmental groups.

The U.S. delegation focused in the first round on seeking support for the basic elements of a protocol which would have both meaningful near and longer

term control measures, would cover a broad spectrum of ozone depleting chemicals, and would contain good scientific assessment and technology incentives.

Country Positions

Canada firmly supports a strong agreement. Canada presented a draft providing for a global emissions limit allocated nationally on the basis of gross national product and population and measured in terms of adjusted production (production plus imports minus exports to parties). However, in the first negotiating session, the Canadians, like the United States sought to achieve consensus on the broad outlines of a protocol rather than on specific formulas.

The **European Communities (EC)** have moved from insistence on a production capacity cap (their current capacity is approximately 30% above current production) to consideration of a cap on production itself. Representatives of the EC Commission distributed at Geneva a "provisional paper" proposing that production of CFC 11 and 12 (and possibly 113 and 114) be frozen at 1986 levels and that the controls be reviewed periodically (i.e., further steps might be decided in the future, but would not be included in the protocol at this time).

Finland, Norway, and Sweden endorsed the U.S. approach in general, and tabled an amendment to the U.S. text calling for a first step phase-down of 25% rather than a freeze.

While the U.S.S.R. delegation acknowledged the risk of ozone depletion and the need for control measures, they introduced a text calling for a global production limit for CFC 11 and 12 only, allocated to nations on the basis of population, with less developed countries exempt from controls.

Japan, too, acknowledged the need for controls, but favored a production capacity cap, only on CFC 11 and 12.

Developing country representation at Geneva was sparse. Argentina, Brazil, and Egypt participated actively in support of an early agreement.

Vienna, February 1987

Between the December and February rounds, we consulted actively with a number of nations, through discussions with environmental, foreign ministry, and trade officials in Washington and abroad through our embassies, official visits, and scientific exchanges. For example, a team from NASA, NOAA, and EPA traveled to Moscow. We met in

Washington with Canadian representatives. Ambassador Benedick traveled to Europe again. Deputy U.S. Trade Representative Smith, Assistant Secretary of State Douglas McMinn, and I raised the issue with senior officials in Tokyo. Through the USIA "Worldnet" interactive satellite hookup, Dr. Robert Watson of NASA and Ambassador Benedick discussed the issue with experts, policymakers, and journalists in 10 European capitals.

The February round of negotiations in Vienna brought widening informal agreement on many aspects of a protocol, including a near-term freeze and longer term reductions. There was evidence of continuing evolution in the thinking of many participants. Other elements of progress in Vienna include:

- Movement toward agreement on ranking substances according to their ozone-depleting potential;
- Progress on restrictions on trade with nonparties;
- Development of a specific plan for international cooperation on research, systematic observation, and scientific assessments; and
- Setting of a date for a diplomatic conference—September 14–18 in Montreal—which removes any lingering doubt about the seriousness of the parties to agree on an international protocol.

Trade Measures

We seek a protocol which would protect the stratosphere but avoid giving unfair advantage to industries of countries which do not participate in the protocol. In Vienna, the subgroup on trade accepted with only minor changes U.S.-proposed language which would, *inter alia*, ban bulk imports from nonparties of controlled chemicals, and ban or restrict imports from nonparties of products containing these chemicals. Progress on this issue was particularly welcome, since in December many key participants in the negotiations were resistant to discussion of trade measures, largely because they had not yet seriously addressed the issue. Now there is recognition that trade measures such as the United States proposed are necessary in order to protect industries in countries party to the protocol from being put at a competitive disadvantage vis-a-vis industries of nonparties, create an incentive for broad participation, and discourage the movement of production facilities to nonparties.

EUROPE

Looking Ahead

All the movement is in the right direction. But the hardest negotiations are still to come. For example, the participants must still negotiate the specific stringency and timing of controls, determine precisely which substances are to be restricted, and specify treatment of developing countries, nonparties, and late signers.

The next round of negotiations is scheduled for April 27-30 in Vienna, with an informal meeting in Oslo April 8-9 to consider the chairman's text. The United States will continue to pursue the objectives I have outlined. We will continue to consult actively with other nations and with interested sectors in the United States.

Security at the U.S. Embassy in Moscow

President Reagan's remarks and question-and-answer session of April 7, 1987.¹

I just wanted to come in here to tell you that I am deeply concerned over the breach of security in our Moscow Embassy, and while all the facts are not known, it is clear that security implications are widespread and that additional quick action is required to prevent further damage to our national security.

Two weeks ago, when the severity of the situation became clear, I convened a meeting of my national security advisers and ordered Frank Carlucci [assistant to the President for national security affairs] to immediately begin an internal assessment of the damage. And today I want to announce some additional actions.

The United States will not occupy our new Embassy building in Moscow unless and until I can be assured that it is safe to move into a secure embassy environment. Likewise, the Soviet Union will not be allowed to occupy their new facility in Washington until a simultaneous move by both countries is possible.

I've instructed the Secretary of State to make embassy security a major agenda item during his upcoming talks in Moscow, and I have asked former Defense Secretary Mel Laird to chair an assessment review panel under the general authority of the Secretary of State. In addition, I've instructed the chairman of my Foreign Intelligence Advisory Board (PFIAB), Ambassador

This is a difficult and complex negotiating process. We have made substantial progress, but we have a long way to go to reach an effective agreement with broad participation. Meanwhile, we must be sure that our actions domestically support and do not undercut that international process, since this is clearly a matter which the United States cannot resolve alone. We have entered a new era of truly global environmental management, in which we are all made more conscious of the unity and vulnerability of our planet.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Anne Armstrong, to examine the procedures and practices used in our embassies worldwide to protect American facilities. I've requested that both reports from the Secretary of State and PFIAB be transmitted to me within 90 days. Specifically, both the Secretary of State and PFIAB have been tasked to evaluate the condition of our new building and ascertain whether it will ever be secure or whether it may be necessary to destroy and rebuild it.

Finally, I have instructed the Secretaries of State and Defense to recommend to me the future management of security personnel at the U.S. Embassy in the U.S.S.R. and elsewhere with respect to length of assignment, selection of personnel, and their supervision. These reports will be coordinated by the National Security Council, which shall in turn make comprehensive recommendations to me on counterintelligence and security policies, procedures, and accountability.

Q. Henry Kissinger said that it is humiliating for George Shultz to go to Moscow right now, that he should be meeting instead in Helsinki, perhaps, because we should not be going under these circumstances without having secure communications.

A. I have great respect for Henry and great friendship, but I have to oppose him on this. I just don't think it's good for us to be run out of town.

Q. How can you ask the Secretary of State to do business with the Soviets on arms control when they

have apparently compromised the U.S. position in Moscow so badly? How can you deal with them under these circumstances?

A. I think the whole business of espionage worldwide is something that we have to recognize takes place, and counterespionage is employed by everyone. But at the same time, you don't stop doing business.

Q. You mean, this is business as usual.

A. Now, just a minute—"as usual." We have sent 81 of their agents in this country home, kicked them out of the country. And they're still willing to talk arms with us.

Q. Has this changed the way you look at the Soviets? Is this changing our relations with them?

A. I think I've been rather realistic about the Soviet Union for quite some time, and believe me, it doesn't surprise me a bit. And no, I haven't changed my view of the Soviet Union.

Q. Is this a new problem? Hasn't this been going on a long time, and haven't you had reports? I mean, how long have we had Soviet employees in our Embassy? And we understand that you have received reports since 1985.

A. And we have ordered then, the beginning of actions to try and find out and establish if such a thing was going on.

Q. Can I follow specifically on that? Because there was a report in 1985 by your own Foreign Intelligence Advisory Board that you're calling on now for another report, and they told you that the Embassy was vulnerable and specifically called on you in 1985, the spring of 1985, to get rid of Soviet personnel. Yet you did nothing about it, and one of the members, H. Ross Perot, quit.

A. This report did come in, and we immediately started, and did accomplish, a reduction of the personnel—in stages—that were there. And I must say, we did run into some embassy problems and opposition, because it isn't exactly a place where you can just go out and hire Americans to go and take jobs like that in the Soviet Union. But as we were continuing with that, then the Soviet Union took—

Q. Was Hartman to blame?

A. —the first lead and ordered their people out.

Q. But if Gorbachev changes his mind, will you then allow Soviets to become reemployed at our Embassy

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FY 1988 Request for Foreign Assistance Programs

by M. Peter McPherson

Statement before the Subcommittee on Foreign Operations of the Senate Appropriations Committee on March 17, 1987. Mr. McPherson is Administrator of the Agency for International Development (AID).¹

It is a pleasure to appear before you to present the Administration's FY 1988 proposed program for foreign economic assistance.

The overall fiscal constraints with which we are all confronted in the effort to gain better control of the Federal deficit challenges our ability to continue to achieve our foreign policy and economic assistance objectives. The challenge is to develop a program which will meet growing demands and new opportunities with very limited resources.

The budget request which we submit to you is based on two important considerations. It is designed to focus on the highest priority foreign policy and economic assistance objectives, and it incorporates new authorizing initiatives for improving the effectiveness of our programs, including the Development Fund for Africa.

There are important reasons why foreign aid is critical to our national interest—but these are often not well understood within our own country—especially in the face of domestic budget cuts.

The health of our nation is inextricably bound up with the objectives of foreign policy, and the foreign assistance program is vital to the achievement of these objectives. U.S. national security interests in the Middle East and Central America depend upon the stability of those regions—political stability that is based on economic stability. Without effective foreign assistance from the United States, economic growth prospects are grim for many Third World countries that are increasingly important to us—economically as markets and trading partners, as well as politically. We depend on many countries that are unable to meet their security requirements and critical development needs from their own resources.

Domestic Benefits of Foreign Aid

Foreign aid has brought direct benefits to the U.S. economy with the development of new trading opportunities for American business. Indeed, without foreign assistance, our economy would suffer. Over 40% of all U.S. exports are bought by developing countries. In 1981 Korea bought more food from the United States than we had given that country in 24 years of Food for Peace shipments. High rates of economic growth by developing countries during the last several decades have benefited U.S. farmers. These countries are our fastest growing markets. Their agricultural imports from the United States increased from \$1.1 billion in 1970 to a peak of \$15.4 billion in 1981. In 1983 developing countries accounted for 50% of total U.S. grain and feed exports.

With our assistance, many countries—particularly in East Asia, Southeast Asia, and Latin America—previously classified as “less developed” are now “newly industrialized” and are in a position to help other countries. Finally, up to 70% of U.S. bilateral foreign assistance is spent on American commodities, equipment, and services to support overseas development programs.

Foreign aid promotes the humanitarian ideals and democratic values of the American people. In the past 25 years, American aid brought emergency relief to victims of 800 natural disasters. We can be proud of helping Africa turn the corner in fighting the effects of one of the worst droughts in history. Without our food aid, an estimated 20 million people would have died in sub-Saharan Africa. Not only has America responded to emergencies, but we have contributed to sustained development: for example, the eradication of smallpox; the reduction of child mortality by one-half; the majority of children in developing countries entering primary school; life expectancy increased by 10–20 years in the Third World; India's self-reliance in grains; and the beginnings of a “green revolution” in Africa. Democratic values have been enhanced by America's humanitarian assistance as well as through our direct support for democratic elections. Democratic processes have been gaining

there? And how extensive is the problem in other Soviet-bloc embassies?

A. We are investigating the whole area of embassies. Listen, Frank [Carlucci] is going to take all of your questions. Unfortunately—and I'm not ducking you; I've tried to answer a few—

Q. Would you rehire them, sir, if Mr. Gorbachev changes his mind?

A. No. I think we should have our own personnel.

Q. Did Colonel North [Col. Oliver North, former member of the National Security Council] take orders from Mr. Casey [William J. Casey, former Director of Central Intelligence] at any time in terms of *contra* aid?

A. I don't know.

Q. What about the nine contract employees, American contract employees, who were sent home within the last 2 months? That was just disclosed today by the State Department.

A. I have just told you what our position is going to be about that embassy building.

Q. Are you interested in the new test ban proposal from the Soviets? Is that at least an encouraging sign?

A. We think that it's encouraging—their whole attitude to arms—which has never before been true with any of the other previous Soviet leaders.

Q. Richard Allen says that in 1981 he recommended that all the Soviet nationals be dismissed from the U.S. Embassy in Moscow and that the State Department blocked that. Do you—

A. As I told you, it was not an easy problem. But when the second report came in with us here, we did start and we did make some reductions and we're proceeding on that.

Q. Was Ambassador Hartman responsible?

A. I'm not going to—I can't speak for any individual who—

Q. Thank you.

¹Made before news correspondents assembled in the Briefing Room of the White House (text from Weekly Compilation of Presidential Documents of Apr. 13, 1987). ■

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support throughout the Third World. In Latin America, the percentage of people living under democratically elected governments has risen from 30% in 1979 to over 90% today.

Our foreign aid is playing an important role in the war on drugs by supporting antinarcotics activities which the governments of those developing countries where narcotics are produced do not have the economic resources to launch.

Foreign Aid Achievements

I would like to cite some examples of the successful achievements of foreign aid, particularly in the last 6 years.

Given the 100% increase in the price of oil in 1979, prolonged recession in industrial economies, historically high real interest rates, and increased trade barriers in the developed world, it is not surprising that the economies of developing countries are best characterized by decline rather than growth during the 1981-85 period. A major focus of AID has been to assist countries that were in serious trouble to achieve economic stabilization and to make the necessary economic policy adjustments to move back on the path to growth. Countries in which significant progress has been made in adopting policy and institutional changes necessary for growth include the Dominican Republic, Costa Rica, Ecuador, Zambia, Zaire, Somalia, Niger, Bangladesh, and Israel.

In the 1970s Costa Rica borrowed heavily to finance its growing public sector. In 1981 the country was forced to suspend principal and interest payments on its foreign debt. AID, in close coordination with the International Monetary Fund (IMF) and the World Bank, began extensive macroeconomic policy dialogue with the Costa Rican Government to identify necessary policy reforms. The government agreed to reduce its fiscal deficit, unify its exchange rate, and free its economy. AID supported the economy in the interim with \$550 million in economic assistance from 1981 to 1985. As a result, the fiscal deficit was cut from 14.1% of GDP to 1.5%, and the government is divesting many parasitals. The GDP grew by 10.6% in 1983-85; inflation dropped from 108% in 1982 to 11% in 1985, and exports of non-traditional products outside Central America rose by 31% in 1984 and 24% in 1985.

The impact of AID's effort to increase the incomes of the poor is illustrated by projects in the low-income countries of Asia and the Near East, Latin America and the Caribbean, and

Africa. Honduras is an example. In the late 1970s, coffee rust disease invaded Honduras, threatening the smaller coffee producers who lacked the technical expertise and resources to combat it.

AID implemented the \$20 million small farmer coffee improvement project to mitigate the adverse impact of coffee rust. To date over 4,000 small farmers have received credit to plant new improved coffee varieties and to purchase inputs that combat the disease. Average yields have increased over fivefold, and net income per farm has increased by 90% as a result of the project.

In Zaire the recently completed North Shaba rural development project was instrumental in stimulating economic growth in a depressed region of the country. As a result, the marketing of foodgrains increased by 220% from 30,000 metric tons in 1977 to 96,000 metric tons in 1986. Elements of this experience are now being applied in the Central Shaba area.

In Egypt the small farmer production project provided 90,564 loans valued at \$49 million to 51,000 farmers. The repayment rate is remarkable with only about 1% past due. Maize yields on the project lands doubled and are well above the all-Egypt average.

AID-supported child survival activities have already registered some striking successes around the world. Several years ago, the average immunization coverage of children in developing countries was less than 5%; today, the average in AID-assisted countries is over 30%. Other interventions are also beginning to take hold. The World Health Organization (WHO) estimates that 50% of families in developing countries (excluding China) had access to oral rehydration salts (ORS) by the end of 1985, up from only 5% in 1982. The number of ORS packets produced worldwide rose from 90 million in 1983 to 320 million in 1986. AID alone provided 100 million packets in the last year.

In Honduras where the United States has supported health programs for 40 years, the most recent health project emphasizes both child survival technologies and support services to sustain them. The results of these efforts by the Honduran Government, AID, and other donors are measurable—a 40% decrease in deaths from diarrheal disease over the past 5 years; over 90% of the population vaccinated against polio and 80% against measles, diphtheria, tetanus, and whooping cough; an increase of 1 month in the mean duration of breastfeeding in urban

areas; reduction in malaria; increased use of family planning; and a drop in infant mortality from 88 per 1,000 live births to 71 since the mid-1970s.

What Remains To Be Done

We have achieved much, but we cannot be complacent for there are still problems and challenges. The good news is that our past successful investments have put us on the brink of changes from which the United States and the developing world stand to reap even greater benefits. We know that the policies of a large number of countries still inhibit the growth of economic markets and individual responsibility and decisionmaking. But through policy discussions with many countries backed up by programs, we have seen the beginning of commitment and change by many governments. The policy environments are changing to encourage free market systems and to allow the realization of individual initiatives. Fifteen African countries are now in the process of privatizing government-owned enterprises, ten have devalued their currencies, and sixteen have reduced government expenditures and budget deficits. In total, two-thirds of Africa's lowest income countries are undertaking major economic restructuring.

We know that infant mortality rates in two-thirds of AID-recipient countries are still over 75/1000. But, we also know that a significant number of deaths of infants and children can be averted through the use of two available technologies—oral rehydration therapy (ORT) and immunization. A new vaccine against malaria, of which there are 200 million cases per year, has been developed, and field trials are now beginning with AID support.

We have a combination of experience, knowledge, and examples of what works upon which to base our future development efforts. The lessons of the past have put us in a good position to tackle the future.

One of the most important lessons we have learned over the past three decades is that most problems and solutions involve complex interactions and interrelationships. Rarely can we rely on a single factor or intervention to bring about the successful solution of a development problem. For example, food production requires attention to transport and other rural infrastructure, to training systems, and to pricing and marketing, as well as technical input. Responsible environmental policies are closely linked to responsible policies of resource utilization in all sectors and

thus to the policies and strategies supporting economic growth and employment. The survival of children depends not only on technologies for treatment and prevention but also on mothers' education and health, available resources, and environmental conditions like water and sanitation.

If unlimited resources were available, we could simultaneously provide all the separate inputs needed for the solution to these problems. However, no developing or developed country has the resources to address all these needs individually. Therefore, we need a more sophisticated development strategy that includes certain focused priority interventions, which are carefully integrated with complementary and supporting activities to bring about a result that is greater than the sum of the parts. For example, we need a program which includes focused activities addressing very specific problems, such as research on cowpeas in Senegal or development of a malaria vaccine or telecommunications to extend information to remote areas such as the mountains of Nepal. However, to ensure the benefit of our investment in these inputs, our strategy must also address the farming systems; the market systems and the prices which motivate farmers to grow the cowpeas; the environmental systems which will restrict the malaria vectors and the health systems which will deliver the vaccine; the education and training systems which will enable people to use information and function effectively within these systems. Using this approach, AID's assistance programs seek a balance between projects addressing priority needs in selected sectors and an overall development strategy encouraging integration, complementarity, and sustainability among programs.

Our program strategies also seek a balance between economic growth and basic human needs objectives. We must have both. Economic growth is essential for sustained development of any kind. On the other hand, expanding education, progress in human rights, increasing social and economic opportunity for women, and greater access to family planning information and services are all part of the complex dynamic leading to more open and egalitarian societies, free markets, and democratic institutions. We know these are also the essential ingredients for economic growth.

The limited availability of resources in FY 1987 has made development programming painful. The limits on overall resource levels combined with mandates to support specific activities within these

levels have constrained the programming flexibility this agency must have to carry out the integrated and synergistic development approach that I have just described. The flexibility necessary for this approach is the basis for our proposal for a Development Fund for Africa.

I believe that the payoff of this approach is not only that it is cost effective but that it brings results which embody the essence of American traditions and values.

Effects of the FY 1987 Continuing Resolution

Faced with growing demands upon our limited foreign assistance resources, we have not only scrutinized our priorities very carefully so that we support the most important needs but we are also proposing creative new ways of implementing our program. I would like to describe how the FY 1987 budget situation has affected the development approach I have outlined and how we have structured our FY 1988 request to further congressional and foreign policy goals most effectively.

In FY 1987 Congress provided \$1.494 billion for functional account development assistance, a 4% decrease from the FY 1986 level and an 8% decrease from our request. Although only a 4% decrease from FY 1986, serious imbalances were created in the functional account mix. The selected development activities account was 16% lower than the FY 1986 level and 35% lower than our request. As a result of the sharp cut in the selected development activities account which is the primary support for our private sector initiatives, we cannot carry out many of our planned new small enterprise development initiatives. The child survival fund was up 100% from FY 1986 and 200% from our request. Over half of development assistance health account resources were already planned for child survival activities. Child survival activities remain a high agency priority, but the objectives of reducing infant and child mortality depend not only on provision of selected child survival interventions but also on increased agricultural production aimed at reducing malnutrition and recurring starvation. Despite this the downward trend in appropriation for agricultural assistance (down 15% from FY 1985 and 5% from FY 1986) has continued.

Further exacerbating the budget reduction and imbalances in functional accounts are development assistance earmarks of over \$170 million for country

levels and programs on the one hand and funding floor provisions for Africa and Central America on the other. Due to these restrictions, development assistance for central programs and many countries in Asia, the Near East, South America, and the Caribbean must be cut back resulting in loss of momentum in our private sector initiatives in many of these regions and postponement of agricultural diversification programs. Because of funding levels, many of the new small farmer projects will have to be deferred. We also face reductions in the export of U.S. products and a consequent loss of jobs resulting from economic slowdown in some regions; deferral of participant training for the targeted number of individuals from less developed countries; reduction in support for research, private voluntary organizations, private enterprise, and other centrally administered initiatives in support of worldwide development programs.

For FY 1987, Congress appropriated \$3.550 billion in economic support funds (ESF)—including \$330 million transferred pursuant to the military construction bill—compared with our ESF request of \$4.094 billion. Most of the tension within the ESF account is caused by the high level of earmarks in the continuing resolution and previously enacted authorizing legislation. Specific country earmarks and commitments absorb a total of \$2.979 billion, or 84%, of the appropriation compared with \$2.709 billion, or 72% of the appropriation in FY 1986. As a result of the heavy earmarking and because of Administration and congressional concern for an acceptable funding level for economic assistance in Central America, many of the unearmarked countries in Africa, Latin America, and the Caribbean have been severely reduced from their request levels. This has resulted in reduced balance-of-payments support to countries struggling with heavy debt burdens, impairing their ability to regain a sound economic footing and risking a rise in economic and political instability; limitations on our ability to encourage the movement of politically important countries away from reliance on the Soviet bloc; a two-thirds cutback in the successful new program of U.S. support for African economic policy reform; and weakening of our support for the Caribbean Basin Initiative (CBI).

FY 1987 Supplemental Request

The Administration is requesting a total of \$405 million in supplemental appropriations for AID for FY 1987. The supplemental request consists of: \$397

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million for the ESF and \$8 million in operating expenses. The \$397 million ESF request includes additional funding for the support of continued development of democratic institutions in Central America (\$200 million) and \$100 million to assist El Salvador in addressing its long-term earthquake reconstruction needs; narcotics-related economic assistance programs, expected to go to Bolivia (\$10 million); the southern Africa initiative, including South Africa (\$50 million); and military access and base rights arrangements (\$37 million).

A supplemental request of \$7.984 million in operating expenses will be used to cover the FY 1987 costs of the new Federal employees' retirement system and half the costs of the FY 1987 Federal employees' pay raise. The funds are to be divided between the regular operating expense account and the operating expenses of the Inspector General.

FY 1988 Budget Request

The Administration is requesting an appropriation of \$5.81 billion for FY 1988 bilateral economic assistance programs. This request includes funding for development assistance and the ESF. We are proposing an FY 1988 budget which is essentially the same as the FY 1986 and FY 1987 appropriated levels to meet our country's most critical foreign policy and development objectives, assuming adequate flexibility in programming options. These objectives cannot be met if we sustain significant cuts or further restrictions on flexibility.

AID is proposing a new program in sub-Saharan Africa which would increase our effectiveness in addressing the complex and interrelated problems besetting the continent. The request for this program will be described in detail below. Because of this new proposed mechanism, the requests for functional account levels will not include funds for bilateral or regional activities in Africa which are included under the new Development Fund for Africa.

Program Requests

The request for agriculture, rural development, and nutrition in FY 1988 is \$471 million, not including funds requested under the Development Fund for Africa. The FY 1988 budget will support a program focused on increasing incomes of the rural poor, expanding the availability and consumption of food—while maintaining and enhancing the natural resource base. The interrelationship between sustainable agricultural

productivity and natural resource management is particularly critical, and I will discuss this later.

For FY 1988, a PL 480, Title I program level of \$852 million is proposed. We project that this amount will finance food shipments of about 5.9 million metric tons (grain equivalent basis). A Title II program level of \$535 million is proposed. This should finance delivery of the legislatively mandated minimum tonnage of 1.9 million metric tons (grain equivalent basis) of food.

AID is requesting \$207.5 million for population assistance in FY 1988, not including projects funded from the Development Fund for Africa. This request is essentially at the level of our FY 1987 appropriation and is consistent with continued commitment for voluntary family planning services in the developing world. A significant proportion of this request will be programmed to support the work of nongovernmental organizations.

A total of \$120.1 million is being requested for the health account, not including projects funded from the Development Fund for Africa. As in previous years, a major portion of the development assistance funds will be devoted to child survival activities.

The child survival fund request is \$61 million, excluding funding for child survival activities from the Development Fund for Africa, which is the same as the FY 1987 appropriated level. Funding for immunization and ORT from the health account, child survival fund, and other sources is expected to exceed the total requested for the child survival fund (\$61 million) in FY 1988.

AID is requesting \$123.6 million for education and human resources development, exclusive of these activities under the Development Fund for Africa. Training for administrators, managers, scientists, and technicians is about 60% of the education and human resources program. About 25% will support elementary, secondary, and adult education and about 10% vocational/technical training. About 60% of this request will support education and human resources activities and training in Latin America and the Caribbean.

AID is requesting \$162.7 million for the private sector, energy, and private and voluntary organizations account—excluding funds requested under the Development Fund for Africa—compared with an FY 1987 request level of \$211.1 million and an enacted level of \$133.2 million (excluding Africa activities). I will discuss this account in more detail later.

AID is requesting an appropriation of \$3.6 billion for ESF for FY 1988, including \$12.5 million in deobligation/reobligation estimates. This request is unchanged from the FY 1987 appropriated level of \$3.6 billion which includes \$50 million in deobligation/reobligation estimates. Consistent with its objective of promoting peaceful solutions to problems affecting interests, material security, and the achievement of foreign policy objectives, the key elements of the FY 1988 ESF request include continued efforts to achieve peace and stability in the Middle East through economic aid to Israel and Egypt; support for development activities in Jordan, the West Bank and Gaza, and regional cooperation activities among Israel, Jordan, and other neighboring Arab countries; provision of critical balance-of-payments support to Turkey; economic assistance to base rights and military access countries such as the Philippines, Turkey, and Portugal; support for economic and political reforms in the Philippines, Jamaica, and Haiti; assistance to Central American democracies to achieve economic stability and growth and to strengthen their democratic institutions and respect for human rights; and, in Africa, facilitating economic recovery and growth in a selected group of strategically important countries by providing balance-of-payments support.

For FY 1988 AID is requesting \$426.8 million in new budget authority for its operating expense appropriation. This represents an increase of \$37.8 million over the FY 1987 funding availability, \$16.6 million of which is required to cover mandatory costs associated with the new Federal employees' retirement system and the January 1987 Federal pay raise. Due to funding shortages in the operating expenses appropriation in FY 1986 and FY 1987, Congress authorized the agency to charge many overseas expenses to program accounts. The FY 1988 operating expenses request will enable the agency to resume funding of all operating expense costs from this account.

AID is requesting \$500 million for the proposed Development Fund for Africa.

Development Fund for Africa

I would like to describe this new initiative in some detail now. In my previous appearances before this committee, I pointed out that Africa has made progress in increasing life expectancies,

decreasing infant and child mortality, and limiting the worst nutritional effects of severe weather. Our drought relief activities in Africa, which continue at a much reduced level from last year and the year before, saved literally millions of people from starvation. I also discussed the continuing special problems that Africa faces—recurrent drought, declining export revenues, limited and fragile natural resources, inadequate productive infrastructure, weak economic policies, and a largely unformed human resource base.

America has a growing self-interest in Africa. From a humanitarian standpoint, we are bothered by the knowledge that people still starve and human lives are lost every day because of low incomes, preventable diseases, and lack of knowledge about how to overcome these problems. From a strategic point of view, we recognize that long-term political stability in Africa and elsewhere will remain elusive as long as hunger and disease are rampant and hopes for a better future are dashed time and again by a combination of bad policies and natural disasters.

A cornerstone of our FY 1988 program for sub-Sahara Africa is the proposed Development Fund for Africa which will combine the development assistance functional account resources for Africa including the Sahel development program and a number of activities and programs formerly provided from the ESF. The proposal for the Development Fund for Africa, which grew out of a 15-agency executive branch review of how best to structure our assistance program for Africa, will enable us to increase the effectiveness of our assistance. Last May, at the General Assembly special session on Africa, the African countries as a group endorsed the need for such programs, recognizing that their own actions were key to resolving the continent's economic and financial constraints.

Essential elements of the proposal are: (1) the elimination of functional accounts to permit more effective use of limited resources; (2) continued emphasis on both economic policy reform and basic needs such as food production, health, child survival, and population; and (3) no-year funds to increase management effectiveness.

Across the continent—in Guinea, Mali, Zaire, Malawi, Zambia, Somalia, and Niger, for example—African leaders are giving increased attention to economic reform efforts. Moreover, our experience shows macroeconomic

policies do directly influence the individual well-being of the poor. Zambia provides a case in point.

The Zambian economic reform program includes liberalization of agricultural pricing, elimination of fertilizer subsidies, and an increased role for the private sector in agricultural marketing. These specific actions were ingredients in the original economic reform proposal. The equity effects of the program have been remarkable—the major beneficiaries are small farmers who, for the most part, had been at the basic subsistence level. Their incomes have risen significantly and are expected to continue at a high level. In the past, large farmers were the major beneficiaries of fertilizer subsidies and were helped by the system of administered foreign exchange availabilities. The result of our current program is more dynamic, competitive markets in which the poor have a fair chance of participating.

In order to implement this development approach, I want to emphasize that the fund must be as flexible as possible. Restrictions or earmarks will limit our ability to respond to evolving situations without disturbing ongoing negotiations for other activities. We are also requesting the fund resources be available on a no-year basis so we can withhold a specific amount of money until our conditions are met—in both project and non-project situations—without the danger that these resources will not be available in the future—a situation which can seriously damage our negotiating position.

We also propose that the fund provide the resources needed in FY 1988 and beyond for the southern Africa initiative proposed for initial funding in the FY 1987 supplemental. The initiative will focus on transportation, policy reform, and trade promotion.

The 106 Account

I would like to discuss another area about which we are concerned; that is the 106 account. AID is proposing to change the title of this account from Energy, Private Voluntary Organizations, and Selected Development Activities to Private Sector, Energy, and Private and Voluntary Organizations in order to more clearly describe the programs funded within the account. This account is critical to the successful implementation of AID's principal emphases because it is uniquely suited to address cross-sectoral development problems not covered in other more narrowly focused functional accounts and to mobilize non-U.S. Government and less

developed countries, human and capital resources. Projects and program activities funded under this account are designed specifically to support private enterprise development, as well as efforts to reform government policies and institutions; the activities of private and voluntary organizations and cooperatives; science and technology efforts; promotion of human rights and democratic initiatives; and research and technical assistance activities to alleviate energy constraints to development, including encouraging private investment in energy infrastructure. This account is the main source of funding for AID's efforts to encourage the development of private enterprise and promotion of competitive markets vital to stimulate and maintain economic growth. More than 40% of the funds requested will be devoted to private enterprise.

AID's private enterprise initiative reflects the Administration's belief that greater reliance on private enterprise, individual initiative and entrepreneurship, the preservation of competition, and market forces to guide economic progress are essential for sustained, equitable growth in the Third World. A major emphasis of the private enterprise initiative is to help the poor majority through the pursuit of macroeconomic policies that positively affect the labor market. The beneficiaries of many private sector projects are micro or small-scale enterprises or poor farmers. Employment generation is a major aspect of all our private enterprise projects.

Private Voluntary Organizations

AID program strategies seek a balance between economic growth and basic human needs objectives. We recognize the significant role that private voluntary organizations play in Third World relief and development. AID provides funding for private voluntary organizations' activities from all of the programs described above. In a little over a decade, AID assistance to private voluntary organizations has increased dramatically—from \$39 million in FY 1973 to a requested level of \$290 million in FY 1988. In addition to this amount channeled through the development assistance functional accounts and ESF, AID will administer another \$309 million in PL 480, Title II and Section 416 food commodities and related ocean freight costs to support private voluntary organizations' food-based programs overseas. The AID private voluntary organization partnership is based on a

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mutual commitment to overcoming problems of hunger, illiteracy, disease, and premature death in the poorer countries of the world. At a time when AID resources are severely limited, private voluntary organizations' programs are an increasingly important part of AID's effort to foster self-sustaining development in the Third World.

Environment

Finally, since our hope for long-term economic growth in the developing world must depend on the sustainable use of natural resources, I would like to discuss some of the ways AID addresses these issues.

First, and most importantly, a concern for the protection and management of all natural resources is and must continue to be an integral part of all of our development activities. Agricultural projects routinely involve the application of effective soil and water conservation techniques. Environmental assessments are carried out for all development activities which could adversely affect the natural resource base. Alternative project designs are examined, and measures to mitigate potential problems are implemented when identified.

Second, we promote policies, projects, and programs that will have a positive environmental influence. This compliments and goes beyond the first approach. We support projects to encourage tree planting to protect critical watersheds and agricultural lands; to promote the use of integrated pest management techniques; to develop systems to provide clean water and sanitation services; and to create the institutional capacity in developing countries to deal effectively with natural resource and environmental issues at all levels, from government environmental agencies to local extension services and indigenous nongovernmental organizations.

Today, I would like to highlight a few of the agency's most important activities related to natural resource management—the Africa natural resources management plan, biological diversity conservation activities, cooperation with other bilateral and multilateral donor agencies, and our work with nongovernmental and private voluntary organizations.

The Africa Bureau has now completed a plan for supporting natural resource management in sub-Sahara

Africa. The plan calls for increased integration of natural resource concerns within our overall assistance program, in particular agricultural development and policy dialogue activities. The policy dialogue activities are especially important because environmental degradation can only be stopped if individuals have incentives to manage and protect critical natural resources. The Africa plan concentrates efforts on priority problems and ecological regions where there is a good fit between the nature of the problem and U.S. experience. It calls for increased support to private voluntary organizations and nongovernmental organizations to implement on-the-ground activities and to foster far greater coordination among donor agencies working in Africa.

AID is expanding its efforts to promote the conservation of biological diversity. A number of exciting new activities will be funded this year. In most cases, AID has leveraged funds from nongovernmental and other organizations. An example of AID's commitment to preserving biodiversity is the grants program of the Bureau for Asia/Near East, started in FY 1985. This program has supported biodiversity activities in India, Jordan, Morocco, Oman, Turkey, and the Near East region and includes research on sea turtles, public environmental education campaigns, and training and production of environmental educational materials.

In Africa, new activities cofunded with nongovernmental organizations planned in Madagascar and other regions of Africa to support the management of parks and protected areas, wetlands conservation, and to strengthen wildlife management training centers. Activities supported under a grant to the World Wildlife Fund are strengthening links between wildlands conservation and rural development in both Latin America and Africa.

AID is also increasing agency cooperation with multilateral development banks and bilateral donors on developing and implementing environmental assessment procedures in order to more effectively encourage and promote environmentally sound development projects.

AID will continue to actively encourage the development and use of private voluntary and nongovernmental organizations to carry out many of its natural resource activities. We feel that the capacity of these organizations in this area is particularly impressive. In

Haiti a U.S. private voluntary organization is assisting local farmers in adopting soil conserving and fertility enhancing farming technologies to stop soil loss and to promote better use of reclaimed land. In Chad CARE and Africare are working in the Sahelian zone to assist destitute farmers and displaced populations to increase food production by improved water management, agroforestry, and soil conservation techniques.

I believe that our FY 1988 request will be able to achieve significant progress toward our most critical foreign policy objectives.

Twenty-five years of foreign aid have not only brought substantial accomplishments of which Americans can be proud but have given us a wealth of experience and technology upon which to base the future. To really appreciate what has happened in the last 25 years we need to be reminded of what the developed world was like then.

- One out of four children died before the age of 5.
- Only a small minority of children attended school.
- The Indian subcontinent faced massive starvation.
- Parents could not choose the size of their families.
- Life expectancy averaged about 40 years of age.

Over the past 25 years, American foreign aid has played a major role in changing these conditions.

- Child mortality has been reduced by one half.
- Smallpox has been eliminated from the world.
- The majority of children in developing countries enter primary school.
- Safe and effective family planning methods are available.
- Life expectancy has increased 10–20 years in the Third World.
- India is self-reliant in grains.

I am convinced that our budget request for FY 1988 will help us begin the achievement of even more significant gains in the next 25 years of foreign aid.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

The Evolving Soviet Approach to Human Rights

by Warren Zimmermann

Addresses before the Conference on Security and Cooperation in Europe (CSCE) followup meeting in Vienna on January 27 and February 20, 1987. Ambassador Zimmermann is chairman of the U.S. delegation.

JAN. 27, 1987

Over 5 weeks have passed since our last plenary meeting in Vienna. It is, thus, a good time to take stock, to record what has happened in the intervening period, and to assess its meaning for the obligations undertaken at Helsinki and Madrid.

I begin with a candid assertion: it is idle to assume that significant developments are not unfolding within the Soviet Union.

First, we see a country which seems to be trying to come to grips with its past. It is reported that a Georgian film depicting the evils of Stalinism will soon be shown to the public. It is reported that Boris Pasternak's *Dr. Zhivago* will soon be published in one of the few countries in which it is banned: his own. And it is also reported that Pasternak's house—the house where that great novel was written and where Pasternak's friend, Svyatoslav Rikhter, played the piano from dusk till dawn in homage on the day he died—will soon be opened as a museum. We hope these reports prove to be true because they appear to represent an effort to return to the Soviet people a priceless gift: their own history.

Second, the Soviet press describes what has, heretofore, seemed a contradiction in terms: the arrest of a KGB official for abuse of his official duties.

Third, Soviet cultural authorities are coming to realize that the greatness of Russian culture does not stop at the border. It is reported that the Kirov ballet star, Mikhail Baryshnikov, currently in New York, and the former director of the innovative Taganka Theater, Yuriy Lyubimov, currently in Washington, have been or will be invited to perform again in the Soviet Union.

These examples make an important point—that the Soviet Union is a different place from what it was 2 years ago. But how different? Is what we are seeing superficial or profound? Is it the

reality, or just the appearance, of change? The answer is not obvious. The picture remains mixed. Based on events of the past 5 weeks, let me describe that picture as I see it today.

Recent Developments in the Soviet Union and Eastern Bloc

Political Prisoners. In my statement at the end of the first round of the Vienna meeting, I expressed concern that Mustafa Dzhemilev, who had been convicted six times for his work on behalf of his fellow Crimean Tatars, would be resentenced. I am glad to note that Dzhemilev has since been released. But the fate of most other political prisoners in the Soviet Union remains the same. With the death of Anatoliy Marchenko, over 35 Helsinki monitors remain incarcerated, some in serious physical condition. And yet, these monitors make up only a small percentage of the political prisoners in the Soviet Union. Other human rights monitors, such as those connected with the human rights journal, *The Chronicle of Current Events*, and those who fought for genuine trade union rights, are similarly imprisoned.

Will another Marchenko die in detention? Will it be Anatoliy Koryagin, the courageous psychiatrist who spoke out against the abuses of psychiatry and has been weakened by hunger strikes? Will it be Iosif Begun, a scientist who has already served 9 years for his efforts to preserve the Jewish culture and the Hebrew language? Both are now confined to Chistopol Prison,¹ where Marchenko died. All here have noted Andrey Sakharov's appeal for the release of all political prisoners in the Soviet Union, and we have also noted Ambassador Kashlev's hints to the *New York Times* that there might be a response. May it be soon, may it be all-inclusive, and may it be untrammelled by limits and restrictions which could vitiate its effect.

In the period since this meeting recessed, the existence of a new Helsinki Monitoring Group in the Soviet Union has been confirmed. Calling itself "Helsinki 86," it was formed last summer in the city of Liepaja in Latvia and has appealed to Pope John Paul II, to General Secretary Gorbachev, to the Soviet and Latvian Communist Party Central Committees, to the United

Nations, to the American delegates at the September 1986 Chautauqua conference in Latvia, and to Latvian "countrymen in foreign lands." The signers of the letter to Mr. Gorbachev said, "We want to believe you that you will build a foundation for a democracy. Everyone will benefit from that, and there will not be any losers." Three of those signers have been reported arrested. The formation, for the first time, of an independent Latvian Helsinki Monitoring Group proves again the dictum of the British historian, Lord Acton, that "progress in the direction of organized and assured freedom is the characteristic fact of Modern History."

Freedom to Travel and Emigrate.

In early January, 50 Soviet emigrants were permitted by the Soviet authorities to return from the United States to the Soviet Union, many after several years of trying. It is understandable that the move from Soviet to American culture—cultures based on such different principles—could cause serious problems of adjustment. If, as the Soviet Foreign Ministry spokesman has said, there are a thousand more in the United States who desire to return, then we can only hope that the Soviet Union will abandon its former practice of treating them as pariahs and will permit them to exercise their right, guaranteed by the Final Act, to leave their country and return to it. After all, a few thousand emigrants desiring to return constitute less than 1% of the 400,000 who have left the Soviet Union in the last decade and a half. We must hope, as well, that the Soviet Government will honor its obligations to allow foreign citizens in the Soviet Union to return to their countries—Abe Stolar, for example: an American in his 70s who has been trying for decades to return his family from Moscow to the United States.

On a related issue, I referred earlier in my remarks to efforts apparently underway to bring back to the Soviet Union cultural figures who had left it. Why not go further and respect their right to leave in the first place and the right of others to leave as well? Last December, I cited the case of Vladimir Feltsman, a brilliant young pianist, whose application to emigrate 7 years ago has cost him the right to perform his musical art in the Soviet Union. Last year, in a letter to General Secretary Gorbachev, Feltsman asked:

Why does the problem of leaving the Soviet Union exist at all? Why do the authorities regard people who, for one reason or another, want to leave the Soviet Union, as

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virtual traitors? Why can't citizens of the U.S.S.R. leave their country and return to it without hindrance?

Why, indeed?

In the area of family reunification, there has been some progress. Of the American cases announced by Ambassador Kashlev in Bern, three-quarters have been resolved, although it remains a mystery why one-quarter of them are still unresolved after 9 months. During the Vienna recess, favorable decisions were made in several cases, and hints were made about several more. So far, the hints outnumber the decisions. We fail to see why the issues of divided spouses and blocked marriages cannot be settled once and for all. The numbers are not large, but the human cost is heavy. For example, Yuriy Balovlenkov, whose wife lives in Baltimore, Maryland, has now been separated from her for 8 years; he has never seen his younger child.

Many in this room have appealed for Soviet action to enable several Soviet citizens suffering from cancer to seek treatment in the West. Fortunately, those appeals seem to have been heard. Of the five cancer victims frequently named, three have been allowed to leave, and we understand that a fourth, Leah Maryasin, has exit permission. A fifth, Benjamin Charny, is in urgent need of help and—although he has a close relative, a brother, in the United States—he remains in the Soviet Union against his will.

I will refer to one of those cases, in particular, because it illustrates a disturbing paradox in Soviet conduct. Inna Meiman arrived in Washington 8 days ago; she suffers from cancer of the spine, a condition whose extreme seriousness was confirmed last week by the Georgetown University Hospital. Unbelievably, Mrs. Meiman was not allowed to be accompanied by her son, Lev Kittroskiy, and his family or by her husband, Naum Meiman. Naum Meiman is a 75-year-old man, a retired mathematician, and a former Helsinki monitor. He has congestive heart failure and quite possibly suffers from cancer himself. He also has an American citizen daughter living in the United States, a fact that qualifies him for emigration even under the most restrictive interpretation of the new Soviet legislation. The reason given for his many visa denials is that he did classified work 30 years ago; for that "reason," an old, sick man is not permitted to join a suffering wife and a daughter in the United States. The

Kafkaesque quality of this story can only make one wonder how much has really changed in the Soviet Union.

The end of the year 1986 set a record of sorts in the field of Jewish emigration from the Soviet Union. Those allowed to emigrate numbered fewer than 1,000—under 100 a month, the lowest figure since accurate statistics have been kept. The new Soviet legislation, which took effect January 1, shows no sign of alleviating this crisis in emigration and may even exacerbate it. The law is inherently restrictive, limiting the right to leave to those with close family abroad, and so far, it seems to be being applied restrictively. Applications for exit visas, which were previously at least accepted, are now being refused.

Broadcast Jamming. Finally, in the area of information, the BBC [British Broadcasting Corporation] Russian service has, for the last few days, reached the Soviet Union unjammed. We hope that this is the harbinger of a trend and that the Soviet Union will finally recognize the illegality of jamming by keeping the jammers off the BBC permanently and taking them and keeping them off the Voice of America, Radio Liberty, Radio Free Europe, Deutsche Welle, and the other stations prevented from reaching the Soviet people.

Czechoslovak Developments. A constant concern during our Vienna meeting has been the fate of the members of Charter '77 and of the Jazz Section in Czechoslovakia. Fortunately, in the past several weeks, five members of the Jazz Section have been released from detention. Two, however, remain in prison, and apparently some variety of trial awaits all seven. Thus Czechoslovakia's obligations under the Final Act remain squarely at issue in this sorrowful affair.

Inconclusive Evidence

In closing, let me return to the questions with which I began. We have heard predictions and promises from Soviet officials—on a cultural renaissance, on the release of political prisoners, on genuine openness. They seem to be telling us that Soviet society is at a turning point. But will it turn? The evidence is not conclusive.

We will know whether Soviet society will turn in a positive direction only when predictions become reality, when promises become performance, when gestures become practices, when episodes become patterns, when isolated steps become a long march. Only then will we know.

FEB. 20, 1987

The Vienna meeting has just moved into a new stage. From agenda item five, which encompassed a review of implementation and the examination of proposals, we have now passed on to agenda item eight, which foresees drafting of a concluding document. According to the text of agenda item eight, such drafting will include decisions relating to the above-mentioned items. Those items include, of course, implementation review and examination of new proposals—two subjects which, therefore, remain clearly within the competence of this new stage of our meeting. In fact, it could hardly be otherwise, since our concluding document must refer to both implementation and to new proposals.

As we enter this new stage, it is, thus, entirely appropriate, with a view to drafting, to take stock of progress that was made in implementation of Helsinki and Madrid obligations and proposals that were introduced to improve such implementation. I intend to do so today and in the future as well.

Positive Trends in the Soviet Union

In my first statement to this Vienna meeting, I referred to violations of the human rights provisions of the Helsinki Final Act. I said that these violations must be reversed because they are a threat to the Helsinki process and because they will make it impossible for the violating states to have the kind of dialogue and relationship which they profess to want with their Western neighbors. And I stated that positive action to reverse violations will find a positive response from the American people and from the American Government.

Since the Vienna meeting began, the Soviet Union and some of its allies have continued to violate important elements of their Helsinki and Madrid obligations and have even committed new violations. These have been described by the American delegation and many other delegations. Today, I want to recognize, with equal openness, that there has been some progress toward improved compliance with commitments. In Poland, the release of nearly all political prisoners, together with other positive steps, has caused the U.S. Government to review and to lift its economic sanctions. And in the Soviet Union, some fresh winds have begun to blow.

Since our 35 delegations first assembled in Vienna, we have witnessed the following positive actions:

- Irina Ratushinskaya, the noted Orthodox Christian poet, was released from prison and allowed to emigrate to the West.
- Of the five cancer victims about whom many of us spoke, three were finally permitted to seek medical treatment in the West and a fourth has exit permission. Others desiring to emigrate for humanitarian reasons, such as Dr. David Goldfarb, have been allowed to depart.
- Of the American divided family cases which the Soviet Government promised at Bern to resolve, some three-quarters have now been successfully resolved.
- There has been progress in bringing divided spouses together; 18 of the 28 cases on record at the time of the Geneva summit have now been settled.
- Nearly 100 former Soviet citizens have received permission to return permanently to the Soviet Union.
- Dr. Andrey Sakharov has been allowed to return to an unfettered life in Moscow, and his wife, Yelena Bonner, has been pardoned and also allowed to return to Moscow from exile.
- Mustafa Dzhemilev, an activist on behalf of his fellow Crimean Tatars, was released from prison.
- Significant new initiatives in the area of culture, particularly in the publication of previously banned books and the release of previously censored films, have been launched.
- Jamming has ceased on the BBC Russian service.
- Finally, a number of prisoners of conscience have been released from detention. So far, we can document about 35 who have actually returned, including 10 individuals whom the U.S. delegation has mentioned at the Vienna meeting. Andrey Sakharov believes that the total number is about 60.

There is another category—a category of assertions and promises—which at least offers a potential for positive results. For example, Soviet officials have announced that 142 political prisoners have been released and that others will follow. Massive changes in the penal code have been promised. It is also asserted that the new legislation on entry/exit will

liberalize emigration, although the restrictive text of the legislation and the initial use of it imply the reverse. If these potential steps forward are actually taken, they, too, will be worthy of note. At present, however, they remain simply assertions and promises.

In the catalogue of constructive actions, I have not referred to the reverse side of this progress—to its partial nature, to parallel actions which undercut it, to the fact that so much remains to be done to bring the Soviet Union into compliance with its obligations. There will no doubt be a need to return to these persistent problems in the near future. The point I want to make now is that certain positive trends are visible in the Soviet Union. We recognize them, we welcome them; we encourage them.

Implementation and New Proposals

General Secretary Gorbachev, in his address last Thursday, denied that the new Soviet approach on humanitarian problems is the result of Western pressure. Rather, he said, it is the result of a new way of thinking. It is not for this meeting to analyze the motivation for the actions we have observed; our interest is in deeds, not motives. But it would be a welcome fact if these actions are, indeed, the result of a new way of thinking, since that means they should be followed by more comprehensive and more significant actions to comply with commitments.

There is a necessary connection between implementation and new proposals. In the view of the United States, implementation is the key element in the entire Helsinki process. New proposals are valuable insofar as they underline this vital principle. New proposals can be an incentive to implementation; they must not be a substitute for it.

In that spirit, the United States and 16 other Western countries have, during the past two weeks, introduced 16 proposals covering the entire human dimension of the Helsinki Final Act. They constitute the most comprehensive set of proposals on the human dimension ever put forward at a CSCE followup meeting. And they are focused on a single objective: implementation.

Fourteen of these proposals are textual—that is, they describe obligations which could become part of the final document of this meeting. They cover virtually all the major human elements of the final act: freedom of thought, conscience, religion, or belief; national minorities; the contribution of individuals and groups to the Helsinki process; persons in confinement; freedom of movement; human contacts; information; culture; and education. In addition, two followup proposals—one a multifaceted conference on the human dimension, the other an information forum which would involve working journalists—are a means of extending our focus on the human dimension beyond this Vienna meeting.

These proposals build upon our experience in Ottawa, Budapest, and Bern, reflecting the best ideas from these meetings. They also spring directly from the problems and issues discussed during the implementation phase of our Vienna meeting. They represent no threat to any states devoted to a new way of thinking about human issues. On the contrary, they offer a test of the extent to which these states are prepared to put new thinking into practice. They would not undermine the political system of any state, but they would require all states to live up to commitments which they have undertaken of their own free will.

¹Koryagin and Begun were subsequently released on February 18 and February 20, 1987, respectively. ■

Middle East Developments

by Richard W. Murphy

Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on April 21, 1987. Ambassador Murphy is Assistant Secretary for Near Eastern and South Asian Affairs.¹

I welcome this opportunity to discuss with you developments in the Middle East since I last met with the subcommittee. I have noted in recent weeks that questions have been raised about whether the Administration has a consistent Middle East policy. I want to assure you that this Administration is actively engaged in working for peace and stability in the Middle East and, in so doing, is protecting important U.S. national interests in the region.

I have outlined for this committee on a number of occasions those interests but perhaps should restate them again today. We seek to ensure the flow of oil to ourselves, our friends, and allies; to guarantee Israel's qualitative military edge and help our Arab friends meet their legitimate defense needs and remain secure and stable; and to restrict the spread of Soviet influence. Our policies are designed to advance those objectives.

The Gulf War

As the President noted in his statements of January and February, the dangers inherent in the Iran-Iraq war are growing. Tensions and alarm have increased both as a result of fighting on the ground as well as continuing attacks on international shipping and on facilities of nonbelligerent Arab gulf states. The Iranian decision to test the Silkworm antiship missile in the Strait of Hormuz constitutes another ratcheting up of pressures. While ground fighting is at a low ebb as we meet, Iran continues to threaten—and be posed to launch—additional offensives against Iraqi forces. As for Iraq, over the past year, it has demonstrated repeatedly that its defenses are strong and capable. Perhaps most importantly I regret to report that we see no sign from the Iranian Government that it is prepared to become engaged in a negotiated settlement of the war—except on its terms.

The United States has critical interests in the Persian Gulf as a region.

These economic, political, and strategic interests require what we are doing—firm action in support of our traditional friends, clear public declaration of our interests and views, active diplomatic efforts to end the war, and, over the long-term, willingness to reestablish a normal relationship with Iran when its actions make such a relationship possible.

Since January we have been involved in a major diplomatic effort to explore ways in which the international community can take more effective action to bring a rapid end to the war. As the President urged in his February [25] statement: "The time to act on this dangerous and destructive war is now." We have initiated consultations in New York, under the umbrella of the UN Secretary General, as well as in capitals about how the Security Council could play a more forceful role in encouraging the belligerents to seek a negotiated peace. Efforts to end the war through negotiation were discussed in Moscow during the Secretary's recent trip. Further, we have urged regional states to contribute to this diplomatic effort—as their interests are immediately and profoundly at stake in this tragic and relentless war. This process is on-going, and we are committed to it.

Within the next weeks, we expect to receive a high-level Arab League delegation in Washington to discuss this important issue. We welcome the visit as well as the efforts being made by other governments to take initiatives which will help, over time, to coordinate international efforts to end the war. We were also pleased to learn that the Organization of the Islamic Conference in its late January summit in Kuwait committed itself to a further mediation effort. We wish it well.

In the meantime, and in concert with our multilateral efforts, we are vigorously pursuing our Operation Staunch policy—the importance of which the President underscored in the February 25 statement. The goal of Operation Staunch most simply put is to deny Iran the military wherewithal to continue to press this dangerous war. Impeding and complicating the flow of arms to Iran is an important, possibly critical, part of the overall effort to convince the Iranians of the futility of continuing this tragic war.

Our Operation Staunch efforts have continued at a high pace. As instances of West European, Latin American, and East Asian firms doing arms business with Iran have been discovered, we have made strong and high-level approaches to the relevant governments urging them to intervene to stop shipments of arms to Iran. Our efforts are working, although they have not produced a total cut-off of arms from free world sources.

In recent weeks, we have reaffirmed to the moderate Arab states of the gulf our commitment to help in their individual and collective self-defense against external aggression, such as Iranian attacks on facilities of nonbelligerent states like Kuwait and the United Arab Emirates and on neutral international shipping in and near the Strait of Hormuz. We share with these moderate gulf states fundamental interests—to ensure the free flow of oil, to restrict Soviet influence in the area, and to prevent the spread of fundamentalist radicalism aimed at undermining their political stability. These countries want and expect to be the first line of defense for their own interests. We concur that they should be. It is our responsibility to help ensure they have the means to protect themselves. That is why the sale of U.S. military equipment to these countries to meet legitimate defensive needs is so important. We have closely consulted with this committee and others in Congress on these prospective sales. We will not pursue sales that will reduce Israel's qualitative edge, but we must be a reliable supplier to these gulf nations.

Because of the importance we attach to freedom of navigation, our commitment to ensure the free flow of oil through the Strait of Hormuz and our close relations with the gulf states, we are discussing with them the threat posed to neutral shipping by Iranian attacks. As part of these discussions, we are consulting with Kuwait about the registering of some of its oil tankers as U.S. flag vessels. With the registration of these ships in the United States, they will be entitled to the same protected status afforded other U.S. ships transiting the gulf.

We have conveyed our serious concern about the presence of Chinese-origin Silkworm missiles near the Strait of Hormuz to the Government of Iran. Iran understands clearly our position on the threat which these antiship weapons

have added to an already unstable situation. We are urging other nations, more dependent than we on Persian Gulf oil, to make their concerns known to the Iranians. The stakes are too high for international passivity in this regard.

While we will meet our commitments in the gulf to the principle of freedom of navigation, to ensure the free flow of oil, and to help our friends meet their legitimate defense needs, we seek no confrontation with Iran. We are making sure Iran understands our views and commitments since we believe such clarity serves as a deterrent and helps prevent Iranian actions based on miscalculations. We would welcome better relations. We would be prepared to consider responding to any authoritative message from Iran, but there will be no substantial improvement in relations as long as Iran supports terrorism and seeks to undermine friendly governments in the gulf.

The Peace Process

The goal of a comprehensive Arab-Israeli peace remains a high priority for this Administration. We continue our efforts to build on the foundation of peace between Israel and Egypt. We are convinced that a just and enduring settlement can only be achieved through bilateral negotiations between Israel and its Arab neighbors. Bilateral negotiations are, in our view, the only practical vehicle for arriving at a comprehensive settlement.

We are prepared to discuss with the parties arrangements necessary to begin direct negotiations. We would support procedural steps which are acceptable to them and which will lead to face-to-face negotiations. We understand the importance to the Arab side of an international context for bilateral negotiations although we have long expressed our skepticism of the utility and the risks of an international conference. Any international mechanism, to be acceptable to the United States, would have to meet our strict criteria: It would have to lead immediately to face-to-face negotiations and could not interfere with those negotiations whether by arrogating to itself the authority to impose solutions on the regional parties or to veto agreements they may reach.

We continue to discuss these issues with our friends in the region. The peace process figured importantly in Israeli Prime Minister Shamir's Washington visit in February. President Reagan and

Secretary Shultz reiterated our strong commitment to achieving progress toward a peace settlement, and Prime Minister Shamir agreed that we must continue the search for a way to get to direct negotiations while expressing his clear opposition to an international conference. We remain engaged with Israeli leaders to help resolve their differences with Jordan over the way to bilateral, face-to-face negotiations.

The peace process was also an important component of our discussions with Jordan's Prime Minister Rifai. Among other issues, we considered the question of an international conference in some detail. Rifai underlined Jordan's long-held view that bilateral negotiations must occur in the context of an international conference, one that includes both the regional parties and the permanent members of the UN Security Council. Our discussions with Rifai were positive in tone and conducted in a problem-solving spirit. Procedural issues were discussed in greater detail than heretofore, indicating a serious commitment to making progress.

All the parties in the Middle East see dangers in inactivity and believe further progress can be achieved in moving toward negotiations. As we have seen again over the past 2 weeks, the *status quo* exacts a tragic human toll on both Israelis and Palestinians. In recent months, a number of Palestinians, including students, have been killed and wounded in confrontations with Israeli forces. During the same period, Israeli civilians have been killed and wounded in acts of violence by Palestinians. Stringent Israeli security measures may temporarily reduce the casualties, but such measures tend to increase resentment that can lead to more violence and raise serious questions regarding respect for human rights and individual freedoms. At the same time, Palestinians must realize that violence benefits only extremists and damages efforts being made to achieve their legitimate rights. We will continue to urge maximum restraint on all sides and to work with them to improve the environment for progress toward reconciliation and peace.

We also remain strongly supportive of activities designed to enhance the quality of Palestinian life in the West Bank and Gaza. Israel and Jordan recognize, as we do, that these activities on the ground cannot substitute for a peace process and cannot be sustained over time unless there is hope among the Palestinians of movement toward a

peaceful settlement. However, improving their quality of life is an important complement to the process of peace. Our direct assistance, carried out by private voluntary organizations, continues to be a highly visible and successful demonstration of the American people's commitment to social and economic development for Palestinians in the West Bank and Gaza.

For its part, the Government of Jordan has decided to pursue a comprehensive plan of development assistance for the West Bank and Gaza, in addition to its program for East Bank development. In view of our close relationship with Jordan and our commitment to improving the conditions for Palestinians in the territories, we have fully endorsed this initiative. We strongly support this Jordanian program, both through our own contributions to date and our encouragement of other countries to contribute to this program. We recognize that Jordan's program needs additional resources and are examining ways we might help. We believe that a substantial increase in our contribution this year would further energize the program and encourage other donors to participate. At the same time, we have discussed frankly with Jordan's leaders the budgetary constraints within which we must work.

Lebanon

In Lebanon we continue to support an end to fighting, restoration of stability, and reestablishment of the authority of the Lebanese Government.

The UN Interim Force in Lebanon (UNIFIL) is an important element of stability in south Lebanon. We strongly support UNIFIL's continued operations in the south. I regret that the Administration's request for UNIFIL funding in the supplemental for the President's budget for FY 1987, which took fully into account the needs for budgetary stringency, has been disapproved by the House Appropriations Committee. We hope that the requested funding will be restored.

We have been seriously concerned about the plight of Palestinian civilians in refugee camps near Beirut, Sidon, and Tyre. We have repeatedly called for a cease-fire and for regular, safe access to the camps for international humanitarian agencies. The situation has improved somewhat since February, when conditions were appalling, but regular supplies of food and medicine are

still not assured. We support efforts by the UN Relief and Work Agency (UNRWA) to gain access and are considering ways to respond positively to UNRWA's emergency appeal.

We follow closely developments in Beirut. In February Syria deployed several thousand troops to west Beirut in response to a request from Lebanese Muslim cabinet ministers. In addition, on April 14, about 100 Syrian soldiers joined units of the Lebanese Army's 12th Brigade at checkpoints on the coast road between Beirut and Sidon. We have made clear that we continue to support the withdrawal of all foreign forces from Lebanon and that we will judge Syrian actions according to how they help the Lebanese Government restore its authority.

Egypt

President Mubarak has publicly pledged to strengthen democracy in Egypt. We are encouraged by the results of the parliamentary elections held earlier this month, which saw about 4,000 candidates competing in a lively campaign for the 448 seats. While President Mubarak's National Democratic Party maintained a solid majority, the number of independents and opposition candidates in the assembly increased substantially (to 100 seats) and now more closely match their percentage of the popular vote.

To return to my original point, the Administration is actively involved in pursuing our national interests in the Middle East and, I can assure the committee, will continue this involvement until we achieve our objectives.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

SDI Anniversary

PRESIDENT'S STATEMENT, MAR. 23, 1987¹

It was 4 years ago today that America's Strategic Defense Initiative (SDI) was set in motion. Then, in a television address to the nation, I called on America's scientific community to determine if it were possible to develop a defense against ballistic missiles, a system based on deterring aggression through protection rather than threatening retaliation, a system that could, perhaps, free the world from the threat of these deadly weapons. And so, in March 1983 America and its allies began on the journey toward finding a defense against ballistic missiles.

Today, 4 years later, we have made remarkable progress toward that great objective. This is to the credit of the many members of our scientific and technical communities who joined this effort and to the Members of the Congress who have supported this plan. They understood that the Soviet Union has been working for more than a decade on its own strategic defense systems, even while it has been deploying hundreds of new offensive nuclear weapons. They understood how dangerous it would be if the Soviet Union had a defense and we did not. They understood, also, that it is possible for us to design and build a strategic defense. And they understood that a system not

only had to work but also had to be able to survive attacks itself and be more cost effective than proliferating offenses. Now, thanks to them and their hard work and vision and to the vision and perseverance of the American people and of our allies, all humanity can begin to look forward to a new era of security when the burden of nuclear terror is lifted from its shoulders.

One thing is clear: SDI truly serves the purposes of offensive weapons reduction. SDI can help us move toward a safer world. I have repeatedly pledged that SDI capabilities will never be used for offensive purposes. Like an effectively verifiable arms reduction agreement with which all parties comply, SDI can reduce the risk of war and the threat of ballistic missiles to mankind. It can reduce the danger of accidental warfare and give us the kind of insurance policy we need against violations of a future arms reduction treaty. And it has been a singularly effective instrument for bringing the Soviets to the bargaining table.

In 4 years we have come far, and together we can continue on this journey toward achieving humanity's ancient dream: a world in which swords are beaten into plowshares and war is preached no more.

¹Text from Weekly Compilation of Presidential Documents of Mar. 30, 1987. ■

FY 1988 Assistance Requests for Narcotics Control

by Ann B. Wroblewski

Statement before the Subcommittee on Foreign Operations of the House Appropriations Committee on April 22, 1987. Miss Wroblewski is Assistant Secretary for International Narcotics Matters.¹

My testimony today is in support of the Department's request for an appropriation of \$98.7 million to support the international narcotics control program administered by my bureau. The budget request we have submitted to the Subcommittee on Foreign Operations is based upon the policies, strategies, and programs discussed in the 1987 International Narcotics Control Strategy Report, which was submitted to Congress on March 2.

This report is the first under the new procedures created by PL 99-570, the Anti-Drug Abuse Act of 1986. On the basis of our report, President Reagan has certified the Bahamas, Belize, Bolivia, Brazil, Burma, Colombia, Ecuador, Hong Kong, India, Jamaica, Malaysia, Mexico, Morocco, Nigeria, Pakistan, Panama, Paraguay, Peru, and Thailand as cooperating with the United States or having taken adequate steps on their own in controlling production, trafficking, or money laundering. The President also certified Laos and Lebanon on grounds of vital national interest. The President withheld certification from Afghanistan, Iran, and Syria.

We believe this process has genuine merit, but our first-year experience suggests the need for changes, and the Department has suggested several amendments.

We have received numerous inquiries from Congress concerning our recommendations to the President and the President's decisions on certification. Much of that discussion focuses on interpretations of full cooperation. It is critical to this dialogue that we bear in mind a simple truth: the requirement is to certify cooperation, not success. As we explained at some length in the International Narcotics Control Strategy Report, any logical assessment of a country's performance must be based upon a concept of variability. Section 481 has appropriately recognized since 1983 that our analysis should include the

social, political, economic, geographic, and climatic factors that affect illicit drug production. We have applied those factors to our essential consideration of what was a country asked to do and what realistic capability did it have to achieve those objectives. The inescapable fact is that countries are at different states of preparedness and capability to address narcotics production and trafficking.

The new process was inaugurated on October 27, 1986, when President Reagan signed the drug act—10 months into the evaluation year. We think the intent of the legislation was to obtain additional progress and cooperation and not to decertify countries. Despite the constraints on time, we think the Department did a very good job of using this process to persuade governments to approve new policies and programs, to improve their eligibility for certification. As a result, the certifications in several instances are based upon both the 1986 assessment and agreements on actions to be taken in 1987 to either overcome deficiencies or improve cooperation. We respectfully submit to the Congress that this is a better usage of this law than curtailing our bilateral relationships.

Moreover, I urge the Congress to consider the nature of the narcotics enterprise. You seek to legislate solutions. But all legislation is, in fact, a civilized appeal to reason—that falls on deaf ears of unreasonable people who traffic in drugs. We are dealing with a criminal enterprise. The committee emphasizes extradition treaties, an important tool, as the Lehder case vividly illustrates. But the task is not to make our laws work in another country, through extradition, but to help them make their laws work. Moreover, as regards production, the cultivation and harvesting of illicit narcotics is not, in even a remote context, comparable to our efforts to regulate sugar production and imports or grains or any other regulated commodity. We can't set quotas as such or dictate annual reductions, percentages, or the like. In the long run, there is no alternative to outright bans on cultivation, enforced by eradication, with sufficient interdiction and enforcement capability to seize contraband and financial assets and to arrest and prosecute major traffickers. This is an incredibly complex, arduous, and even hazardous undertaking. We're

better at that than we were in 1981, or even 1985, and we're getting better all the time.

With that background, I will highlight our 1987 agenda, and explain how our proposed 1988 budget builds upon this program base. The base was significantly expanded by the Anti-Drug Abuse Act, from \$60.2 million in 1985 to \$118.4 million in 1987. For 1988, we are seeking \$98.7 million.

Let me interject a perspective of budgets and programs. The experiences of 1986 confirm that we must maintain our program effort at current operational levels and be prepared to expand in the years to come. Much of that expansion must occur at the multilateral level, through increased contributions from other donor nations. The market is just too lucrative and the worldwide demand is so high that there is no realistic expectation that these traffickers will go quietly or quickly. The attempts made in 1986 to outpace eradication campaigns in Latin America and Asia convince us that traffickers will plant and replant until they know that eradication is not a 1-year or 2-year phenomenon but a permanent part of the enforcement program of every source country. On our side, we have to be prepared to stay the course, to weather the spirals in price that spur increases in cultivation and production.

Latin America and the Caribbean

Latin America and the Caribbean are the source and transfer points for all of the cocaine, a third of the heroin, and much of the marijuana entering the United States. The Department of State emphasizes both as key areas in budget and program planning.

Considerable progress has been made in eradication. While much cultivation remains to be destroyed in all three drug categories, there is also a need to raise the totals for enforcement, including arrests, seizures of contraband, and seizures of the profits of drug transactions, especially monetary instruments and other assets.

The additional \$53 million appropriated to us will support a regional air wing which can operate in Mexico, Central and South America, and the Caribbean. Immediate plans call for six helicopters as well as eleven fixed-wing aircraft—eight fixed-wing spray aircraft, two fixed-wing utility aircraft, and one fixed-wing cargo aircraft. Additional funds will support a U.S.-owned aircraft component in the Bolivian control program and support eradication and interdiction efforts in Peru and Ecuador.

NARCOTICS

New resources will provide fuel and operational support for joint interdiction efforts in the Caribbean and Central America, planned by the National Narcotics Border Interdiction System.

Mexico demonstrated in 1986 it could improve both opium and marijuana eradication; the task in 1987 is to expand both until eradication not only overtakes expanding cultivation but begins the steady downward spiral of narcotics production that Mexico achieved in the 1970s. The joint evaluation of aerial eradication operations by outside analysts should produce efficiencies in terms of fleet size and effectiveness in both eradication and enforcement. Parallel effectiveness is required in interdiction and enforcement, particularly in arresting and convicting major figures like Felix Gallardo, in finding and destroying heroin laboratories and breaking the cocaine connection with Colombian traffickers. Surveys of opium poppy and marijuana should improve in 1987 and assist in planning eradication strategies.

Bolivia must demonstrate that it has the political will to sustain a crop eradication and interdiction program for as many years as it takes to contain the problem. President Paz Estenssoro displayed the political will in the joint U.S.-Bolivia enforcement campaign—Operation Blast Furnace—and his Administration and the U.S. Government are reaching agreement on a new approach and commitment to crop eradication as this report neared publication. A new Bolivian narcotics control plan was certified to Congress by President Reagan in early 1987, and an agreement on principles of cooperation on narcotics control was concluded on February 25. These principles guide the further negotiation of annexes which will implement the Bolivian plan; the annexes including a new U.S. narcotics program agreement should be signed by the end of this month.

The agreement and annexes will call for voluntary eradication, commencing in 1987, supported by a new law that would designate the Yungas area as the primary region for licit coca production (not to exceed 10,000 metric tons annually) and outlaw coca production in all other areas, such as the Chapare. The proposed agreement relies heavily on the ability of a continuing interdiction effort by Bolivian forces, using U.S.-loaned helicopters, to reduce prices farmers can earn for coca, replicating the success of Operation Blast Furnace. The goal of the Bolivian Government is to eradicate

30,000–50,000 hectares (their estimate of total cultivation) within the first 12 months of a voluntary eradication program, drawing on noncash assistance to assist farmers in seeking alternative livelihoods. The agreement calls for minimum eradication of 1,800 hectares in the first 12 months of the program. After the 12-month voluntary program, the Bolivian Government would eradicate all other illicit coca, over a period of 2 years.

Peru has adopted a nationwide plan for drug control, which has been certified to the U.S. Congress and in 1987 will continue to pursue the "second front" in the Upper Huallaga Valley. Cultivation is now concentrated in less accessible areas and we will provide aircraft support for interdiction and eradication operations, as Peru attempts to bring eradication totals up to and beyond the 6,000-hectare level called for in original program agreements. There is need to improve on seizures while continuing the efforts to find and destroy cocaine labs and landing strips.

Colombia deserves considerable praise for withstanding the onslaught of narcotics traffickers whose mindless killings of judges, policemen, journalists, and others will only cease when they are convinced by long-term jail sentences, disruption of their operations, and seizure of their assets that they will no longer be tolerated in Colombia. Colombia is encouraged to strengthen its prosecutorial systems. The apprehension and swift extradition of Carlos Lehder was extraordinary and hopefully will be followed by the arrests of others in the Medellin cartel, like Pablo Escobar and Jorge Ochoa. The Government of Colombia could drive marijuana production below the 1,000 metric ton level in 1987, using the increased resources provided by the United States. The 1987 program anticipates that all of the requirements for an aerial herbicidal campaign against coca will have been met, and Colombia can commence its program, which contemplates the eradication of 8,000 hectares. Support is also provided to continue the vital program to seek out and destroy cocaine laboratories, an increasingly hazardous undertaking which pits the National Police Special Anti-Narcotics Unit (SANU) against well-armed traffickers.

Jamaica approved plans for herbicidal eradication of marijuana. The United States is providing aircraft maintenance and logistic support for eradication and interdiction.

Interdiction in this region has improved but should achieve significant results in 1987. The Bahamas task force recommendations should be swiftly implemented; expansion of the OPBAT fleet and the installation of new radar will add strength to efforts to stop trafficking in cocaine and marijuana. Experience teaches that improved results in one or two countries send traffickers to other areas; the United States will continue exploring regional approaches to containment. We continue to give priority to these containment programs, supported from its Latin American regional account. Manual eradication should suffice for the remaining marijuana crops in Panama, but chemical eradication programs will still be needed in Belize. The containment strategy which has worked well in those countries must be equally effective in curbing new production efforts in Guatemala, Costa Rica, Brazil, Paraguay, and Venezuela, and stopping the refining of cocaine and other products in new laboratories in Argentina and elsewhere, as well as transshipments through Haiti and the Dominican Republic. Continued emphasis is also needed on Operation ChemCon which has been effective in controlling shipments of precursor chemicals to cocaine labs.

Justice officials and others should determine early in 1987 the benefits obtainable from Panama's new narcotics laws, as part of an effort to upgrade the U.S. effort to disrupt money laundering throughout the region.

Asia and Africa

The very special concern in Asia is the rapidly growing demand in South and East Asia for opiates which will probably remain unchecked for the balance of the 1980s.

While helping in demand reduction and urging a response from the international community, our immediate focus is expanding the scope of eradication and interdiction programs in Asia and providing the training needed to upgrade narcotics enforcement in selected countries in Africa.

Burma has undertaken one of the largest eradication programs in narcotics control history, only to see it fall behind trafficker efforts in 1986 to expand opium poppy cultivation. Lacking political or police control of the primary growing areas, Burma is heavily reliant on its aerial eradication program, which we have supported by providing five fixed-wing aircraft, while also supporting other fixed- and rotary-wing craft in the program.

Thailand, already a net importer of opium to service its large opium and heroin addict populations, will continue to drive down net opium cultivation within its borders in 1987. However, Thailand remains a major transit and refining point for Golden Triangle opiates, and the goals in 1987 include arrests of major traffickers and making further inroads on the opium traffic, in part through the border interdiction project which we have supported. The United States also supports Thai efforts to eradicate marijuana.

There is a critical need for the civilian Government of Pakistan to reinforce its longstanding ban on opium cultivation which was effectively applied earlier in this decade. Production will remain high in 1987, for a second year, but this year should see the groundwork laid for sustained reductions. Aerial herbicidal eradication has begun in the Gadoon area for the balance of the 1986-87 harvest, and outreach programs will increase to other growing areas which the United States wants to see scheduled for the development and eradication-linked strategy begun in 1983. The tribal areas now become the key to poppy control in Pakistan. Much of the increased opium production in Southwest Asia is a response to local demand; Pakistan is still the dominant refiner of heroin intended for Western addicts. We will continue to support expansion of the joint narcotics task forces and hope to see improvement by these task forces and Pakistani Customs and other police units in destroying heroin laboratories, seizing contraband, arresting major traffickers, and breaking up distribution rings.

Turkey has proved effective in preventing diversion from its licit opium production and has made inroads on illicit heroin refining and illegal opium cultivation. But Turkey remains a major transit route to Europe and the United States. The National Police and Jandarma are responsible for interdicting illicit narcotics from Iran, Afghanistan, and Pakistan, as well as controlling licit domestic opium production, and will continue to be supported by us in 1987.

The additional funding we received in 1987 will permit assistance to Egypt, Greece, India, Nepal, Jordan, Sri Lanka, Malaysia, Indonesia, Nigeria, Kenya, and Mauritius, all of which have experienced recent increases in drug trafficking.

Other 1987 Agendas

The Department will continue to support a variety of international programs and agencies, including our contributions to

the UN Fund for Drug Abuse Control (UNFDAC), which supports multilateral law enforcement efforts in Southwest and Southeast Asia, Africa, and South America. The goal is to promote further utilization and support for the fund in 1987, in both volume and by number of countries.

Support continues for the law enforcement training and executive observation programs managed by the Drug Enforcement Administration (DEA) and the U.S. Customs Service.

We will promote an even more comprehensive interagency program in 1987. Collaboration with DEA, which customarily includes a broad range of interactions overseas on planning and executing eradication and interdiction programs, and joint planning of strategies in Washington, should intensify as we build and deploy our regional air wing. The two agencies will also work closely on the new narcotics rewards program.

A key agenda for the State Department, DEA, and the narcotics intelligence community will be the upgrading and refinement of narcotics data. Priorities here include not only better data on cultivation, yield, net production, refining, and distribution but also on assessments of trafficking organizations, patterns, money laundering methods, and other information which will permit State, Justice, and others more accurate assessments of their organizational vulnerabilities.

The FY 1988 Budget

Planning for the proposed FY 1988 budget was based upon a FY 1987 congressional request of \$65,445,000. Through the Anti-Drug Abuse Act of 1986 (PL 99-570), we received an additional \$53 million, bringing the FY 1987 budget to a total of \$118,445,000. A spending plan adjusting the 1987 budget to reflect additional appropriations was submitted to Congress in December.

Let me address an issue that we hear frequently. At no time did anyone in State make a decision to cut this bureau's budget. To the contrary, the decision was made to increase the budget from \$65.4 million to \$98.7 million, a decision that was well in hand before the Congress completed action on the drug bill.

Latin America. For FY 1988, the request supports a full-fledged aerial campaign against cannabis in Colombia, as well as continuing experiments with

aerial eradication of coca, and a continuing program to suppress cocaine refining. We will continue aerial eradication of cannabis in Belize and Mexico and support improved implementation of the Mexican campaign against opium poppies. In addition to our interregional Colombia-based air assets, the interregional air fleet will be expanded in 1987. Current planning calls for introduction of aerial eradication testing of coca to Ecuador in 1987. We will continue to explore extension of herbicidal eradication into Peru where an expanded eradication front began in FY 1986-87. (The circumstances of production in Peru make it unlikely, however, that we will move beyond manual eradication during 1987-88.) FY 1988 resources will also support coca eradication programs in Bolivia, anticipating completion of a program now under negotiation to implement in 1987 the renewed Bolivian Government commitment. Jamaica will also continue to receive funding for aircraft support for interdiction operations and chemical and manual eradication activities but will become a priority country for deployment of the interregional air wing once it is fully operational in late 1987. (In previous years Jamaica was supported from the Latin America regional fund.)

Enforcement assistance will continue to play a dominant role in the Peruvian and Bolivian programs where there is an overwhelming need to provide security for other narcotics control efforts. Modest amounts are included in various country programs for drug abuse education/prevention to provide technical assistance to countries trying to cope with drug abuse problems.

Eradication programs for countries such as Panama, Belize, Costa Rica, and Guatemala are included in the Latin America regional program account.

East Asia. The aerial eradication program begun in 1985 by the Socialist Republic of the Union of Burma with U.S. Government-funded aircraft, equipment, and training has allowed Burma to destroy opium poppy in previously inaccessible areas controlled by antigovernment insurgents. Funds are included in the FY 1988 budget to procure replacement fixed-wing and rotary-wing transport aircraft which will enable the Burmese Government to carry out further operations aimed at narcotics producing and trafficking. We will also support the ongoing program to maintain and repair rotary-wing and fixed-wing aircraft previously supplied to the Burma Air Force.

NUCLEAR POLICY

The FY 1988 budget provides increased funding to help the Royal Thai Government further reduce opium poppy cultivation by continuing assistance to farmers who agree not to cultivate poppy or whose poppy crop is eradicated. The joint goal is the elimination of commercial opium production in Thailand by 1990. Funds are also included to continue support to Thai paramilitary forces who interdict trafficking and refining along the Thai/Burma border and to enhance the narcotics investigation capabilities of police units.

Southwest Asia. Much of the funding for the development assistance programs that facilitate Pakistani enforcement of the ban on opium cultivation is being provided by the United States and other donors through the UNFDAC-administered special development and enforcement program. In FY 1988, we plan to support the extension of Pakistan's ban on opium poppy cultivation by introducing improved agricultural crops and by making minor improvements on irrigation systems as part of our continuing agricultural outreach program in the Malakand and Dir areas. We will also pursue other outreach activities to prevent the spread of opium poppy cultivation and to help poppy growers substitute other new crops in areas where major development assistance projects are not being carried out.

We will continue to provide commodities to support the narcotics interdiction capabilities of both the Turkish National Police and the Jandarma. Funding is included for a regional telecommunications adviser in Pakistan to work with counterparts in Turkey, Pakistan, Burma, Thailand, and other countries in the region. Limited commodity support for other enforcement activities in Southwest Asia may also be provided as requirements are identified.

International Organization and Interregional Training. Under the FY 1988 international narcotics control training program, we will fund U.S. Drug Enforcement Administration and U.S. Customs Service training of approximately 2,100 foreign officials from 40-45 countries through 43 in-country programs, 14 programs in the United States, and 30 executive observation programs. There will also be increased emphasis on other State Department-sponsored programs, e.g., maritime interdiction training and narcotic detector dog training.

Our demand reduction program contributes to international narcotics control by mobilizing support for narcotics control policies and programs in key producer and transit countries. These projects encourage greater political and public awareness of the link between domestic drug abuse, international trends in production and trafficking, and the steps which societies and governments can take to control the problem. The program also provides technical assistance in the areas of drug abuse prevention, treatment, and related research to help countries such as Pakistan, Ecuador, and Bolivia deal with their domestic drug problems.

The FY 1988 international organizations budget will provide funding for the UNFDAC, Colombo Plan efforts for regional narcotics control activities, and expanded drug education and prevention programs in selected countries.

We thank you for this opportunity to present our program and budget plan, and we strongly urge the committee to give favorable consideration to appropriating the full amount requested.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Harnessing the Peaceful Atom: Past Performance and Future Challenges

by Richard T. Kennedy

Address before the United Nations Conference for the Promotion of International Cooperation in the Peaceful Uses of Nuclear Energy in Geneva on March 23, 1987. Ambassador Kennedy is Ambassador at Large and special adviser to the Secretary of State on non-proliferation policy and nuclear energy affairs.

Many decades have passed since the first awakenings in physicists' laboratories of what we now call the "nuclear age." Over those decades, scientists have plumbed the intricacies and mysteries of the atom. Statesmen have increasingly sought to control its destructive force and harness it to peaceful purposes. Partly due to their efforts, countries all around the globe now use the atom for peaceful purposes. At the same time, we have increasingly recognized that if this great power of the peaceful atom is not carefully controlled and contained, the result could be catastrophic for all. Both aspects of the decades-long endeavor to tap the atom for good will figure prominently in our discussions here over the coming weeks.

Atoms for Peace

The record of the peaceful atom is long and varied. Let me briefly recall the critical role that nuclear energy plays, has played, and is playing in the growth and development of the world's economy and in fostering the health and well-being of people everywhere.

Almost 30 countries today have operating nuclear power reactors, and more than 15% of the world's electricity is derived from nuclear power. In fact, eight countries produce over 30% of their electricity by nuclear power; and of those countries with power reactors, the percentage which are developing countries has increased from 10% of the total in 1965 to 33% in 1986. Nuclear power offers a clean, safe, and efficient way to help meet our energy needs. Moreover, new power plants are expected to come on line in the coming decades, in both developed and developing countries.

But nuclear power is only one manifestation of our success in harnessing the atom for peaceful purposes. For many countries and people, our ability to use the peaceful atom in agriculture, in food preservation, in medicine, and in a myriad of industrial processes touches and benefits their daily lives most. Radiation and radioisotopes are now used to cure cancer, to study pesticides and other chemical residues in soils and crops, to control pests, to aid in mineral exploration, and to monitor pollutants. Because of these and the many applications of the peaceful atom, the world has become a more healthy and productive place for all of us.

Since President Eisenhower's Atoms for Peace program was initiated in 1955, the United States has been in the forefront of the development of these peaceful uses of nuclear energy to meet the world's needs in power, in medicine and health care, in science, in industry, and in agriculture. We have voluntarily shared the technology we developed. We

have assisted in the developmental efforts of others. By our actions we have shown our commitment to the purpose of this conference, finding practical steps to enhance peaceful nuclear cooperation among nations, especially with developing countries. The record speaks for itself.

- The United States has over 40 bilateral agreements with other nations designed to make available the benefits of nuclear energy.
- We have assisted in bringing dozens of nuclear power plants on line, with design and construction assistance to ensure their successful operation.
- We have helped others to develop their own peaceful nuclear programs.
- We have helped nearly 20 developing countries to begin nuclear research programs, supplying research reactors, training, and expertise.
- We have trained many tens of thousands of students in nuclear and related sciences.
- We have set up cooperative programs and exchanges in nuclear safety with more than 20 countries.

This is but a brief glimpse of the record of the United States. But I do not want to imply that we have been alone in this effort. Nothing could be farther from the truth. Our record is matched and complemented by the efforts of other developed countries to help developing countries reap the benefits of the peaceful atom. In the days ahead, these countries will speak for themselves, making clear, I am confident, their continuing commitment to the goal of peaceful nuclear cooperation.

This unprecedented record of the developed countries has been augmented, moreover, by the many actions of the International Atomic Energy Agency (IAEA) to foster peaceful nuclear cooperation over the past decades. IAEA technical assistance programs run the gamut from training to technology transfer, from aid in setting up nuclear research facilities to advice in operating power reactors, from safeguards to safety. More than \$150 million in technical assistance has been provided under these programs in recent years, a record of sustained growth in assistance to agency members such that the target for technical assistance funding in 1987 is almost ten times that of 13 years ago—from \$3 million to \$30 million. In addition, the total resources for technical assistance through the agency in 1987 will total over \$40 million.

Nuclear Cooperation With EURATOM

LETTER TO THE CONGRESS, MAR. 9, 1987¹

The United States has been engaged in nuclear cooperation with the European Community for many years. This cooperation was initiated under agreements concluded over two decades ago between the United States and the European Atomic Energy Community (EURATOM) which extend until December 31, 1995. Since the inception of this cooperation, the community has adhered to all its obligations under those agreements.

The Nuclear Non-Proliferation Act of 1978 amended the Atomic Energy Act to establish new nuclear export criteria, including a requirement that the United States have a right to consent to the reprocessing of fuel exported from the United States. Our present agreements for cooperation with EURATOM do not contain such a right. To avoid disrupting cooperation with EURATOM, a proviso was included in the law to enable continued cooperation until March 10, 1980, if EURATOM agreed to negotiations concerning our cooperation agreements, which it did.

The law also provides that nuclear cooperation with EURATOM can be extended on an annual basis after March 10, 1980, upon determination by the President that failure to cooperate would be seriously prejudicial to the achievement of United States non-proliferation objectives or otherwise jeopardize the common defense and security and after notification to the Congress. President Carter made such a determination six years ago and signed Executive Order 12193, permitting continued nuclear cooperation with EURATOM until March 10, 1981. I made such determinations in 1981, 1982, 1983, 1984, 1985, and 1986, and signed Executive Orders 12295, 12351, 12409, 12463, 12506,

and 12554, permitting continued nuclear cooperation through March 10, 1987.

In addition to numerous informal contacts, the United States has engaged in eleven rounds of talks with EURATOM regarding the renegotiation of the U.S. EURATOM agreements for cooperation. These were conducted in November 1978, September 1979, April 1980, January 1982, November 1983, March 1984, May, September and November 1985, and April and July 1986. Further progress in the talks is anticipated this year.

I believe that it is essential that cooperation between the United States and the Community continue and, likewise, that we work closely with our allies to counter the threat of nuclear explosives proliferation. A disruption of nuclear cooperation would not only eliminate any chance of progress in our talks with EURATOM related to our agreements, it would also cause serious problems in our overall relationships. Accordingly, I have determined that failure to continue peaceful nuclear cooperation with EURATOM would be seriously prejudicial to the achievement of United States non-proliferation objectives and would jeopardize the common defense and security of the United States. I intend to sign an Executive Order to extend the waiver of the application of the relevant export criterion of the Nuclear Non-Proliferation Act for an additional twelve months from March 10, 1987.

Sincerely,

RONALD REAGAN

¹Identical letters addressed to Jim Wright, Speaker of the House of Representatives, and George Bush, President of the Senate (text from Weekly Compilation of Presidential Documents of Mar. 16, 1987). ■

The IAEA's effectiveness was underscored yet again when, at a very early stage, it became the channel to provide information about the Chernobyl reactor accident to the world and launched successful activities in response to the need to strengthen international cooperation in nuclear safety. The agency also served as the focus for negotiation of the Convention on Early Notification of a Nuclear Accident and the Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency—both of which have entered into force.

We are all indebted to the IAEA for its invaluable achievements. We urge the conference during its deliberations to

take due note of the efforts of the IAEA in promoting international cooperation in the peaceful uses of nuclear energy and of the services it provides.

The Framework for Cooperation and Development

The steady expansion of peaceful nuclear cooperation that we have witnessed over the past decades would not have been possible without a cooperative spirit between suppliers and recipients and an agreed framework for that cooperation—namely, a solid nonproliferation regime. This framework has rested on three pillars: first, the Treaty on the Non-proliferation of Nuclear Weapons (NPT)

NUCLEAR POLICY

and the treaty of Tlatelolco; second, the IAEA and its safeguards system; and third, mutual obligations on the part of suppliers and recipients—comprehensive and credible nonproliferation assurances that nuclear supply would not be misused are necessary to provide the confidence needed for exporting countries to undertake peaceful nuclear cooperation. In turn, an expectation of reliable nuclear supply is needed to provide confidence to recipients that once such assurances are undertaken, help and assistance can be obtained to realize the atom's peaceful promise. Let me elaborate.

From the start, the readiness of the United States and other suppliers to help foster peaceful nuclear programs elsewhere has presupposed that their exports would not be used to fashion devices of war and destruction. Indeed, all countries have an interest in preventing the spread of nuclear explosives. It has been widely recognized that a world of many nuclear powers would threaten the security of all countries, not only the neighbors of new nuclear weapon states and the new nuclear weapon states themselves. Moreover, public support of peaceful nuclear cooperation has rested on the belief that such cooperation would not lead to the spread of nuclear weapons.

Over time, several ways developed for recipients to provide the needed comprehensive and credible assurances of peaceful purposes. One clear way has been by adhering to the Treaty on the Nonproliferation of Nuclear Weapons. Over 130 countries have now done that. In the case of Latin American countries, bringing the treaty of Tlatelolco into force can serve the same purpose. The voluntary acceptance of IAEA safeguards on all of a country's nuclear facilities and activities has been yet another way to generate that needed confidence. Each of these approaches remains valid today.

This brings me to the vital role that IAEA safeguards play in the nonproliferation regime. I have already touched on the technical assistance and safety missions of the IAEA. But no mission of the agency is more important than its safeguarding function, which has led the agency to assume even greater importance as a key instrument in the nonproliferation regime.

At the same time, the nonproliferation regime in place today could not have been achieved and cannot be maintained for the future without widespread confidence in the reliability of supply and

cooperative undertakings in the nuclear area. Nuclear trading partners must have confidence that if they adopt and provide comprehensive and credible nonproliferation assurances, the suppliers will be responsive to the legitimate needs of their nuclear programs.

The United States has worked to develop and strengthen this essential framework of peaceful nuclear cooperation. We have sought to persuade more countries to join the NPT or the treaty of Tlatelolco. We have also encouraged countries with unsafeguarded nuclear facilities to place all of their facilities under IAEA safeguards. And we have demonstrated that with reliable assurances and undertakings to prevent proliferation of nuclear weapons, we can and will reciprocate in a broad cooperative spirit.

While the NPT entails a commitment on the part of suppliers and recipients alike, it also entails a commitment on the part of the nuclear weapon states to pursue mutual reductions in their nuclear weapon arsenals. Though outside the purview of this conference, the United States has consistently pursued measures to achieve substantial, equitable, and verifiable arms control progress. No nation is more committed than we to real steps to reduce and eventually eliminate nuclear weapons. In that regard, we hope that progress in the talks on intermediate nuclear force reductions will continue, and that this will be followed by the major reductions of strategic nuclear weapons that we seek. Let me stress that the United States has a deep commitment to bringing about a safer strategic environment involving progressively less reliance on nuclear weapons. It shares the vision of a world freed from the incessant and pervasive fear of nuclear devastation.

Thus, there is now in place a regime of international peaceful nuclear cooperation which, while clearly not perfect, is functioning and functioning well. It provides needed assurance that nuclear activities are being used only for peaceful purposes and provides the basis for cooperation in development and use of nuclear energy for the benefit of all. Without this basic structure, our efforts to harness the atom for peace would come to naught. And without this framework, the world surely would be a more dangerous place for all of us.

Our objective must be to cooperate to make that regime and the institutions, norms, and practices which it comprises stronger, more complete, and more effective. But if we are to do so successfully, we shall need to overcome a

variety of challenges ahead. What are they? How can this conference help to meet them?

Challenges Ahead

One especially important challenge is to ensure continued nuclear safety while at the same time enhancing public awareness of the extraordinary efforts which have been devoted to making nuclear power a safe and environmentally sound energy source.

We can continue to maintain the levels of nuclear safety we all demand and which are needed for long-term reliance on nuclear energy. For our part, in the United States, safety is our top priority and it will continue to be. This is the way to ensure public confidence and thus to make possible continued use and development of this important energy source.

Many high-quality papers will be presented and discussed in Committee II not only on nuclear safety, but on issues relating to a broad range of power and nonpower applications of nuclear energy—from waste management to nuclear medicine. They can provide a factual basis to help maintain confidence in the safety of nuclear energy. We hope that these papers receive the urgent attention of all participants and full recognition of their contribution.

A second challenge will be to achieve ever-broader adherence to the NPT and acceptance of the IAEA safeguards regime. During the decade ahead, efforts will continue to win universal adherence to the NPT and to bring the treaty of Tlatelolco fully into effect.

Greater cooperation in the implementation of IAEA safeguards in both NPT and non-NPT countries also stands as a challenge to the future nuclear regime. Safeguards should be accepted in spirit as well as in letter. It is unseemly for nations with facilities subject to safeguards to haggle about the details of safeguards requirements—whether a given action or a particular technical change is within the writ of a particular IAEA safeguards agreement. Instead of a preoccupation with preventing the IAEA from going beyond the precise legal letter of safeguards agreements—a preoccupation with form over substance—such nations—indeed, all nations—should work to strengthen the IAEA safeguards system and help it to perform its vital task.

Over the coming years, there also will be increasing challenges to existing procedures and institutions designed to ensure the physical protection of nuclear

materials. The recent entry into force of the Convention on the Physical Protection of Nuclear Materials is a step in the right direction. For our part, we believe that all countries should join this convention. We also believe that both bilaterally and multilaterally through appropriate organizations, such as the IAEA, we should continually compare and review our separate procedures to protect nuclear material. Tight protection is needed to ensure both safe use of nuclear power and public support for it.

We have come a long way since Atoms for Peace started the process of peaceful nuclear cooperation. Much has been done. But, as I have suggested, there are challenges ahead and more can be done. What can our conference accomplish? What should be our objectives here in the days ahead?

The Debate Ahead

Any answer to this question must begin with acknowledgment that from the inception of this conference in the late 1970s until its meeting today, the role of nuclear energy has expanded dramatically. Its utilization has spread to developing and developed countries around the world. Where it was once the exception, it is now almost the norm that the peaceful uses of nuclear energy are available and are being utilized. Institutions have matured, guidelines have emerged, and patterns of cooperation and behavior have taken root.

This defines the boundaries of our task: we need not strive to create a framework and principles for peaceful nuclear cooperation; this framework exists. We need not set up new institutions and mechanisms to facilitate peaceful use of nuclear energy; the existing ones work well. What we can and should do is twofold.

First, we can and should seek to strengthen international cooperation to make more effective these longstanding efforts to foster peaceful nuclear development in the context of a strong and effective nonproliferation regime. This will be much of the work of Committee I. In part, this will entail a serious, thoughtful exchange of views on fundamental and essential principles of nuclear cooperation. In part, it will involve efforts to identify practical steps—ways and means, to buttress cooperation.

On each of these aspects—principles and ways and means—there surely exist strong views which will be reflected in

Conventions on Nuclear Accidents

PRESIDENT'S MESSAGE TO THE SENATE, MAR. 23, 1987¹

I submit herewith, for Senate advice and consent to ratification, the Convention on Early Notification of a Nuclear Accident, with declaration, and the Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency, with declarations. These conventions were adopted on September 26, 1986, in Vienna at a Special Session of the General Conference of the International Atomic Energy Agency and signed by the United States on that date. I also transmit herewith, for the information of the Senate, the report of the Department of State concerning the conventions.

At the May 1986 Tokyo Economic Summit, in view of the Chernobyl accident, I proposed and the other heads of government agreed, that a convention providing for prompt notification of nuclear accidents with significant transboundary effects should be

urgently drafted. The international community has acted with exceptional speed. Two conventions have been prepared and adopted by consensus. The convention on notification requires state parties to report promptly the occurrence of the accident and to provide information relevant to minimizing radiological consequences. The convention on assistance sets out an international framework to facilitate prompt assistance in the event of a nuclear accident or radiological emergency.

The United States has initiated many steps to deal with nuclear safety in the aftermath of the Chernobyl accident. These conventions fill key gaps that existed in the international structure; they reflect an international consensus. There should be a domestic consensus in support of the conventions as well, and I urge the Senate to act expeditiously in giving its advice and consent to ratification.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Mar. 30, 1987. ■

this hall over the coming weeks. In our view, as I suggested earlier, there already exists a sound and effective regime which has fostered extensive peaceful nuclear development while containing the risks of proliferation. While we are, of course, prepared to listen and think about other outlooks and perspectives, we will defend those principles and approaches we believe essential. Let us never forget that without a sound nonproliferation framework, we cannot have that nuclear cooperation we all want. More important, in seeking ways to strengthen the framework for nuclear cooperation, we must be careful not to undermine what has already served so many so well.

Second, in Committee II, we can and should undertake a full examination of the role today of the full range of peaceful applications of nuclear energy. What are the key developments in the many fields of nuclear energy? What steps can be taken by developing countries to use nuclear energy more fully and more effectively in power, in research, in medicine, in agriculture? What are the ways that nuclear energy can aid development—today and tomorrow? Where constraints on that use exist, how can they be overcome?

We are pleased that many distinguished experts will gather to address these and many other questions and to take part in presentations of interest to all the participants at this conference under the rubric of Committee II. We expect that these presentations will help us all to understand better the many benefits of the atom and to identify ways and means to enhance cooperation. We also believe that the discussion of the relevant topics in Committee II will help us directly to reach our goal of improved peaceful nuclear cooperation. Indeed, this discussion of practical questions and specific solutions is the key to the success of our conference. To the extent that the work of Committee II illuminates issues and problems of potential and real significance and points the way to equally practical and achievable solutions, the success of our conference will be assured. It is, after all, the presentations and discussions in that committee concerning the role of nuclear energy for developing and developed countries alike which are the heart of this conference and which can make it meaningful and successful.

Conclusion

After a long period of earnest preparation, the United Nations Conference on the Promotion of International Cooperation in the Peaceful Uses of Nuclear Energy is now a reality. For our part, we approach the days ahead with three basic guidelines.

First, we should take a positive approach based on recognition of the many ways that the peaceful atom has benefited and can further benefit mankind.

Second, our task is not to create a new set of principles and institutions, but to strengthen an existing framework

which has permitted far-reaching and successful international cooperation.

Third, we should take maximum advantage of the serious and practical discussion of the role of nuclear energy in Committee II, since that committee's deliberations can immediately and directly contribute to our goal of enhanced international cooperation.

In the spirit of these guidelines, we are hopeful that our deliberations will enhance international peaceful nuclear cooperation as we improve our understanding of the ever-expanding role and potential promise of nuclear energy today. That will serve the interests of all participants. ■

choices. As President Kennedy used to emphasize: diversity in the world, yours no less than anyone's, is an end in itself that we will always cherish, pursue, and, if need be, protect. At the same time, however, we will, as is our wont, express our opinions on matters that affect us. My contention is interdependence is essential to Western survival, and we miss the New Zealand connection. Your absence diminishes us. The question I want to leave you with is: Can you thrive without being a full partner in the Western and Pacific network of alliances?

Development of Interdependence

Throughout most of the 19th century, the United States was isolationist, but like New Zealand, it had a great defense against encroachment—the British fleet which kept everyone else at bay. Enforced by the British, the Monroe Doctrine allowed us to grow unhindered from coast to coast in accord with the plans of John Quincy Adams. Although we began to emerge on the world scene at the end of that century, in many respects we continued to act like a remote, developing nation up until World War II. While it showed the world our potential strength, the First World War did not end our psychological isolationism; it deepened it, confirming comfortable preconceptions that the rest of the world was old, tired, less worthy, and best to be avoided.

Study of the causes of the Second World War and the war itself forced Americans to recognize that among other things, our failure to assume responsibilities for maintaining peace and security during the interwar period helped plunge the world into depression and war. The lesson we finally learned was that even the United States with its huge population and resources could not be a lone ranger. We learned that to remain independent and to maintain peace at the same time, we had to embrace cooperative arrangements and interdependence. The Europeans, of course, saw this as well. So did you and the Australians. We all saw that we had to have a global outlook, that we had to share the chores and give up some part of our individual self-interest and freedom of action to secure our mutual self-interest and worldwide freedom. We had to be prepared to promote and defend our values and our way of life. In the postwar period, we all sought to build a new international order based largely on the lessons of the interwar

New Zealand and an Interdependent World

by Paul M. Cleveland

Address before the annual district Lions' Club convention in Oamaru, New Zealand, on March 13, 1987. Mr. Cleveland is U.S. Ambassador to New Zealand.

New Zealand is embarking on an interesting passage in its history. The unprecedented recent reception for the KZ-7 crew when it returned from Fremantle illustrated the fact that you are strenuously trying to establish your national identity and your role in the world. You have undertaken major economic change coming about sharply from your past 50 years' experience. You made tacks in your security practices that have resulted in the suspension of your alliance with us. As a Pacific nation, you are setting sail across the Pacific commons to compete in the most economically dynamic and competitive region in the world, at a time when mankind as a whole is transiting the most explosive period ever of man's technological development. Moreover, New Zealand seeks greater economic openness at home and greater independence in the world at a time when remoteness has passed and interdependence has become inescapable for most of us. Independent and intrepid voyagers, you are testing your strength, intelligence, ingenuity, and adaptability as never before—and much of the test is yet to come. We watch from overseas with greater interest than before, some admiration, and some questions about the outcome.

I have always assumed, I suppose, that New Zealanders liked to think of themselves as international in outlook. I was told recently by a senior member of the government, however, that foreign policy is not important to most Kiwis. We have not wielded influence in foreign affairs, said he. We are small. We do not wish to be mixed up with the superpowers and nuclear weapons. Why should we be? At the same time, he insisted his government was not isolationist nor anti-American. We remain a part of the West in a broad sense, my senior government member affirmed. We simply do not wish to be part of your alliance system. The cost/benefit ratio is not good enough. The Australian connection and our trade are what's important to us. We will fend for ourselves. This is what most young New Zealanders, regardless of party, believe, he concluded.

I, frankly, am startled and puzzled by that. Although I disagree with him, I trust this man and value his opinion. What did he mean? Was he right? Where is New Zealand headed in foreign policy and security terms? Will this be a lasting view or a passing phase? Does it matter? Can you make it in the world as a lone rider more or less on your own as this New Zealander and your current foreign policy course suggest?

I frankly do not know. These are questions you must address yourselves. That does not mean the United States is indifferent to the answers you develop, nor does it mean we will have nothing to say. It simply means no one in my government has or will impinge on your sovereignty, your right to your own

period. The creation of the postwar collective arrangements was among the most important of the aims developed during the war and was the first order of business when hostilities ceased.

The cooperative arrangements the nations of the West created have been undeniably successful—for the developing world as well as the West. The system set up was not perfectly conceived, and it is hardly perfect today; rather it has been an evolving, living system that sometimes breaks down but that we always keep working to improve. None of the institutions have worked as their idealistic architects intended, but since they were all conceived within a common system of values that placed the individual at the center and gave everyone a fair hearing and a fair share of the success, they evolved in healthy workable directions.

- The International Monetary Fund (IMF) never became a world central bank as planned, but because the dollar became a *de facto* global currency, the system allowed for monetary stability, plus global and equitable growth.

- While the international trade organization never came into existence, the General Agreement on Tariffs and Trade (GATT) was formed, and the world trading system became the most open in man's history with trade growing at unprecedented rates.

- While the United Nations and its institutions did not provide effective collective security, it provided a forum to resolve many problems, and it helped with the decolonization process.

- The West's global system of alliances, including the Australia, New Zealand, United States security pact (ANZUS), grew up to fill the UN security vacuum as fundamental differences separated different parts of the world into hostile camps.

As for the real returns from our collective arrangements, no one anticipated how striking they would be. Under the economic arrangements, the world has seen trade on the average double almost every 6 years for three decades—clearly the fastest period of global economic expansion in the history of the world, far faster than the Industrial Revolution of the last century, and, of course, more far-reaching.

Current economic growth in our Pacific region is proceeding at five times the rate of growth during last century's Industrial Revolution. This postwar growth has been accompanied by political and social evolution; the dissolution of colonialism, the expansion of individual liberties, the movement toward

greater pluralism in every corner of the globe except the Soviet Union and Soviet-dominated nations. Most important to remember, the collective security arrangements maintained relative peace, enabled avoidance of global war, and provided stability so the other developments could occur. Our alliances have fostered our prosperity and the spread of freedom and democracy. They also fostered a deep intangible sense of comradeship among the partners which spilled over into all their dealings with each other.



Challenges to Interdependence

Institutions do not prosper, however, without care and adaptation to change. There has been incalculable change in recent decades. What we now find is that, ironically, the very success of the postwar economic and political order in the West is challenging the system of alliances and institutions that gave us both our economic and political security. As economic and political strengths have spread, the free world has become polycentric in economic and political powers. The United States is not so dominant. Europe, Japan, even Southeast Asia have all become wealthier, more autonomous players on the world scene. And that is good. That was the goal. But with it comes the responsibility of shared alliance management, shared commitment to a global system of order. Not all the growing, industrial nations have yet realized that.

At the same time, we face a need for more international cooperation; there is in this more polycentric Western world a new nationalism and isolationism rising. This phenomena may represent deep generational change or little more than a temporary reluctance to take on the responsibility that comes with greater wealth and power. Whatever the cause,

we must recognize that these natural centrifugal forces endanger the system that gave rise to them. In my own country, there are many who want us to throw up our hands, pick up our marbles, and go home. But isolationists who won the two previous debates on the issue in the United States reaped disastrous results. We have come as a nation to the realization that as a global power, we have global responsibilities. Nevertheless that realization is being sorely tried as we feel increasingly alone whether fighting protectionism or maintaining a system of global security. We are ever reminded of Benjamin Franklin's advice to his fellow revolutionaries: "We must all hang together, or assuredly we shall all hang separately."

And there is, of course, another problem—an external challenge to match the internal problems challenging our Western collective arrangements. We face a new, more skillful and subtle assault from the Soviet Union with which our open democracies, by their very nature, are not well organized to deal.

The Soviet Union has a political philosophy and employs tactics antithetical to ours and its dominance would be unacceptable to us. Make no mistake, while the Russians have made moves toward openness which we welcome, they continue to promote division among the loose Western coalition of democracies. With their patient, long-term view of history, they combine military buildup, diplomacy, and other less traditional, less orthodox methods to exploit contradictions, fears, and animosities among us; to stimulate friction and stress; to erode the delicate interlace of traditions, mores, and values that hold our Western communities, nations, and alliances together. Unlike the U.S. Government, which is accountable and must answer to mistakes such as "Transcam," the leaders of the Soviet Union with their secrecy and KGB [Committee for State Security] controls do not have to answer to their public and often they avoid the world's eye. Few Russians know about the tens of thousands who have died in Afghanistan. Thus their leaders can play with impunity on our nationalistic and isolationist attitudes. They are skillful at it, and they have made some progress.

New Zealand and Interdependence

Is this just some ideological American fixation? We strongly believe, whatever our views and differences, that we have to live on this world with the Soviets—we have to negotiate. We are practical,

South Pacific Regional Fisheries Treaty Signed

DEPARTMENT STATEMENT,
APR. 2, 1987¹

On April 2, representatives of the United States and Pacific island states signed a 5-year regional fisheries treaty in Port Moresby, Papua New Guinea. The Pacific island states which signed the agreement were Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Papua New Guinea, Solomon Islands, Tuvalu, and Western Samoa. We hope that Niue, Palau, Tonga, and Vanuatu will sign the agreement in the near future. The treaty sets forth the terms and conditions which will apply to fishing by U.S. vessels in the region. The treaty will enter into force after ratification by the United States and 10 of the signatory Pacific island states. Three of these 10 must be Papua New Guinea, Kiribati, and the Federated States of Micronesia.

Under this treaty, the U.S. tuna industry will purchase annual regional licenses issued by the South Pacific Forum Fisheries Agency (FFA). During the first year, the industry has guaranteed the purchase of at least \$1.75 million worth of licenses (35 licenses at \$50,000 per vessel). In addition,

\$250,000 in annual technical assistance from the U.S. industry—the most advanced in the world—will help the island states develop their own fishing industries. In many instances, fisheries are the principal natural resource available for development by the island states.

Associated with the treaty is an agreement between the Agency for International Development (AID) and the FFA which provides an annual assistance package of \$10 million to the Pacific island states for 5 years; \$9 million of this assistance will be in the form of a cash transfer, while \$1 million will be in the form of AID development projects.

The treaty is the product of over 2 years of intensive negotiations which began in September of 1984 in an effort to resolve the access problems encountered by U.S. flag tuna vessels fishing in the region. The successful conclusion of the treaty is in the best spirit of the long tradition of close and productive relations between the United States and the Pacific island states.

¹Made available to news correspondents by Department spokesman Charles Redman at the noon briefing. ■

not ideological. But don't fool yourselves, as Averell Harriman once told me, that they are just another bunch of misunderstood nice guys. Ask the Europeans. Ask Israel and most Arab states. Ask the Northeast Asians who border on Russia, or the members of the Association of South East Asian Nations that don't. Ask Andrey Sakharov. Ask the tens of thousands of Jews who wish to leave the Soviet Union today. Ask the Western journalists and cameramen who try to cover and film the pitiful demonstrations against central U.S.S.R. authority. Ask the Australians, your neighbors, who have learned a lot about reality from the huge number of refugees they have received.

So we think again on Benjamin Franklin's advice. It may be possible for New Zealand because of its size and distance from the major centers to set conditions which effectively exclude it from the West's collective security

arrangements. But we can't. Nor have any other of our allies chosen to do so.

Not only the high official I mentioned but many New Zealanders have said to me in the year I have been here: We're part of the West; we'll take part in the international economic interplay, but we do not want to hear about superpower competition and nuclear weapons, and we are particularly loathe to hear about them coming to the Pacific. But do you stop untoward events by not wanting to hear of them or denying they exist, or does that promote those events? Are the costs of participating in alliances really so high? Can you realistically cease being a full participant in security issues and expect in the long-term to be treated as well as you have been by the other alliance partners? What will those costs be?

The implications of the ANZUS rift have always been more serious for the United States than many New Zealanders I talk to seem to realize, or at least openly to concede. Some New

Zealanders see this country as small. Despite testimony of your diplomats to the contrary, some assert, quite incorrectly I assure you, that you had little influence while in ANZUS. Few see New Zealand as unleashing a movement that could undermine our collective defenses worldwide. One leading New Zealand journalist told me that to think so was exaggerating New Zealand's importance; one of your most important businessmen told me I was paranoid when I spoke of these things. Perhaps.

But as I see it, when a partner as close as you have been—and along with the U.K., Canada, and Australia you were closer than any other—pulls out of the collective security arrangement, the health, interests, and unity of the entire arrangement are diminished, and the psychological and material fabric of Western strength is weakened. For 40 years, we have all invested heavily in our alliances. Do you just dismiss that with a shrug?

Your military forces while small are excellent and performed a valuable role in this part of the Pacific. The United States will now have to deploy more materiel than you deployed, because of distances. The alteration of our security ties is not a vital tear in the fabric that jeopardizes Pacific and global security, but it is a serious, costly one we deeply regret and would like to repair.

Apart from considering others' concerns, you will, of course, consider the pluses and minuses for New Zealand, and they will be the deciding factors. Here are some possible questions to ask yourselves as you do so. In what way did membership in ANZUS limit your independence? Or did the security it brought, in fact, leave you more free to do your own thing? Will it affect your trade and commerce? How will you measure your military and other capabilities, your stature, and your progress if you cannot exchange information and exercise effectively with the Western allies? How will you maintain the influence you had in the inner councils of the Western alliance? How will you make your stamp on the world, build it in your own image, as we all aspire to do? Can you do as well if you are not a full alliance partner of the west? Will the limited returns of limited partnership satisfy you?

I have often heard and read since being here in your country what New Zealand writers oppose in the world—conflict and killing, massive arms buildups, the nuclear threat, oppression, discrimination, dictatorship, hatred, anger. That's fine, but who doesn't? It does no good to wrap oneself in a

FY 1988 Assistance Requests for Migration and Refugees

by Jonathan Moore

Statement before the Subcommittee on Foreign Operations of the Senate Appropriations Committee on March 26, 1987. Ambassador Moore is U.S. Coordinator for Refugee Affairs and Director of the Bureau for Refugee Programs.¹

I am pleased to appear before you today to present the Department of State's migration and refugee assistance appropriation request for FY 1988.

The world refugee situation today continues to be one of great need. Within the past few weeks, the news media has called the attention of the American public to the continuing struggles of Afghan refugees in Pakistan, Palestinian refugees in Lebanon, Mozambicans in Malawi, and Indochinese refugees in Southeast Asia—to name a few of many examples. It is estimated that the present number of refugees who have fled strife and persecution in their home countries totals over 10 million people around the globe. Many more have crossed international boundaries fleeing famine, drought, and disease.

The United States is committed to continuing its role as the acknowledged world leader in assisting these victims of oppression. That commitment is demonstrated by our financial support to multilateral and bilateral refugee relief programs. We also maintain our commitment to resettle to the United States refugees who have no recourse other than third country resettlement, especially those who have close ties to the United States. Moreover, in addition to addressing these humanitarian objectives, our support for refugees assists our friends abroad who are heavily impacted economically and socially by hosting needy refugee populations.

In preparing this request, we have been ever mindful of the need for the Federal Government to reduce significantly its overall spending. At the same time, we recognize the critical needs of these refugees who live on the margin—their needs for food, shelter, fresh water, medical attention, and protection and their need for resettlement to this country where that is the best solution. We have tried to assess these needs carefully in light of what we actually can do in response to them, as the world leader in refugee affairs, committed to a continuing national bipartisan policy of

providing humanitarian assistance to these destitute and in many cases desperate people.

Accordingly, we are presenting the migration and refugee assistance request for FY 1988 totaling \$314.5 million, which is a decrease of \$32.4 million—or about 10%—from the FY 1987 appropriated amount.

The migration and refugee affairs account is divided into four main program areas: (1) refugee admissions to the United States, (2) refugee assistance overseas, (3) other assistance activities, and (4) administrative expenses.

Refugee Admissions

For refugee admissions to the United States, we are requesting \$94.5 million, about 30% of our total request. This figure is based on a preliminary estimate of an admissions level of approximately 55,000 refugees. The President, as required by the Refugee Act of 1980, will consult with the Congress and set the actual admissions ceiling (also referred to as the consultation level) shortly before FY 1988 begins. The specific regional ceilings established in the consultations process, including that for Southeast Asia, will be based on an assessment of the worldwide refugee situations at that time. The funds requested will cover the operating expenses of programs administered by the Department that support our overall admissions program: processing, transportation loans, language training and orientation, and initial reception and placement.

Refugee and Other Assistance

The request for refugee assistance programs overseas totals \$192.7 million, about 61% of the total request. This level of funding will provide support to the core program costs of the international organizations and other agencies that carry out relief and resettlement programs overseas. It also is based on our best assessment of need, available resources, and the U.S. fair share.

Of this amount for overseas assistance, \$28 million is requested for assistance to Indochinese refugees in Southeast Asia. These funds primarily will support the work of the UN High Commissioner for Refugees (UNHCR), the UN Border Relief Operation (UNBRO), the International Committee

blanket of morality and decry evil. One has to choose a more specific, steeper path, realizing the goal can't be reached tomorrow. In doing so, most other Western and Pacific nations have followed Damon Runyon's advice: the race may not always go to the swift, nor the fight to the strong, but that's the way to bet.

Let me be quite clear. The fight we are in is a fight for a peaceful and disarmed and cooperating world—the kind of world envisaged in the Charter of the United Nations. We are not interested in the peace of the grave but peace among free, healthy, busy, cooperating people going about their legitimate activities.

And we are going to get a peaceful and disarmed world. The signs are there, in the positive statements at last coming out of Moscow. We are getting those signs not because the West waved placards but because we kept our nerve, didn't panic, stood firm.

We have not been interested in unilateral disarmament or the abolishment of nuclear weapons only. We have stood firm on comprehensive, balanced, verifiable disarmament—conventional as well as nuclear, chemical, and biological. We didn't fall for the fallacy of concentrating only on the nuclear aspect.

By not breaking ranks, by keeping our nerve, I am convinced we will reach the long-worked-for breakthrough to a safer world. That has been the purpose of our sacrifice of vast expenditures of human effort and money; it has been the whole purpose of the nuclear deterrent.

It has been commented recently in your press that New Zealand is a country where the most arguable propositions often do not get argued. I believe this is one such proposition. I hope very much you will continue to debate these issues: to ask if your actions are promoting global and regional security or inviting greater superpower rivalry in a hitherto relatively trouble-free region of the world and to ask if you are enhancing your own security and your nation's destiny.

Your final answers will be important to us all. ■

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of the Red Cross (ICRC), and other agencies that provide care and maintenance services to refugees in first asylum and the 267,000 Cambodian displaced persons who remain in camps along the Thai-Cambodian border. Besides these programs, we estimate \$1 million for programs to combat piracy in the Gulf of Thailand and to support rescue-at-sea, and an additional \$400,000 for the administrative expenses of the UNHCR orderly departure program.

The overseas assistance request also includes \$60 million for assistance programs in Africa. This amount will be used to support the core programs for material assistance, medical and educational aid, and protection activities of the UNHCR and the ICRC in Africa, as well as special projects such as refugee scholarships and self-help activities. The immense need particularly to help the refugees in the Horn of Africa and southern Africa—areas from which I have just returned from a visit to monitor the situation first-hand—is well-known to us all.

The request for Near East and South Asia assistance programs totals \$89.2 million. Of this, \$67 million is budgeted for the provision of basic health and educational programs for Palestinian refugees through the U.S. contribution to the UN Relief and Works Agency (UNRWA) for Palestinian refugees in the Near East. The other \$22.2 million comprises U.S. contributions to the core assistance programs for the world's largest single refugee population, the Afghans in Pakistan, administered by the UNHCR and the ICRC.

The final part of the overseas assistance category includes \$15.5 million for relief assistance programs and limited repatriation activities in Latin America administered by the UNHCR, the ICRC, and other agencies. This is in response to the continued high level of refugee needs in this region.

The third category, other assistance, is budgeted at \$19.2 million in our FY 1988 request. The largest part of this request is a \$10 million contribution to the United Israel Appeal for its program of assistance to refugees resettling in Israel. The remainder includes funding of the administrative and operational budgets of the Intergovernmental Committee for Migration (ICM), and the U.S. contribution to the ordinary (head-quarters and nonregional) budget of ICRC.

Administrative Expenses

And finally, \$8 million, only 3% of our total request, is estimated for the administrative expenses of the Department of State Bureau for Refugee Programs. These funds enable us to design and manage the cited refugee admissions and assistance programs but also, working with other offices in the State Department and elsewhere in the U.S. Government, to encourage broader and longer range bilateral and multilateral solutions to refugee problems.

The Administration's budget request is carefully balanced and represents our current best estimate of essential requirements. I believe that examination of our presentation will show that the amounts requested in every category are modest yet fully needed to support our humanitarian objectives and foreign policy goals. We need resources sufficient not only to maintain our own com-

mitment but also to encourage others in the international community—both first asylum and donor countries—to continue to do their part. I urge the members of this committee to continue to support the vital humanitarian effort of the United States in refugee affairs through your action on this request.

In closing I would like to express my personal appreciation and the appreciation of the Department of State for the support you and other members of this committee have shown toward refugee affairs. The needs are great, but I am confident that by working together we will be able to continue to ensure necessary American support for these programs which lie at the heart of our moral values and democratic ideals.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Budgetary Resources and Foreign Policy

by Edward J. Derwinski

Statement before the Subcommittee on Foreign Operations of the House Appropriations Committee on March 19, 1987. Mr. Derwinski is Under Secretary for Security Assistance, Science and Technology.¹

This morning I would like to expand upon the subject that Secretary Shultz has talked about over the past several months: the resources necessary for the conduct of an effective American foreign policy.

As a former Member of Congress, I still have a fair sense of the priorities of our citizens. I know that most programs in the foreign affairs budget have little or no domestic constituency. This is partly because, historically, we think of these foreign aid programs as giveaways to ungrateful foreigners. Though we differ with you now and then on the merits of specific programs in specific countries, both you and I know that image is wrong.

We know that the programs making up our international affairs account really constitute our foreign policy budget—the budget that pays for the military, economic, and public affairs

instruments of our foreign policy and for the people, in the United States and abroad, who manage and implement that policy. That foreign policy budget, under the President's proposal, constitutes less than 2% of our total Federal budget.

The Importance of Security Assistance

This morning I want to address the security assistance components of the foreign assistance program. These, as you know, amount to less than \$10 billion, or about half the total international affairs account—less than 1% of the Federal budget.

The security assistance programs contain some \$3.5 billion in economic assistance—i.e., the economic support fund (ESF), nearly two-thirds of which is allocated to just two countries, Israel and Egypt. The rest of the ESF program is critical to sustaining our position in and relationships with a number of other countries important to our forward defense posture.

The actual military assistance programs (MAP)—those used to equip and train the military forces of close friends and allies—constitute less than \$6 billion: about a third of our “foreign policy

budget," six-tenths of 1% of the Federal budget, or roughly 2% of our defense budget.

We provide military assistance to countries only when there is a common military purpose. We want to help friendly countries defend themselves only when it is clearly in the interest of the United States that they be able to do so—in some cases, so much in the U.S. interest that we would go to war, if necessary, to help defend them. This is obvious with NATO allies, four of whom are major recipients of U.S. military assistance. This has been so since the end of World War II, and every President since then—Democrat and Republican—has gone to the Congress for a security assistance program aimed at supporting NATO allies.

We provide military assistance to other countries in which we maintain very important U.S. military installations. In still other countries, we have arrangements to allow or support the transit of U.S. forces in a crisis or conflict, the prepositioning of military equipment for such contingencies, and joint military planning and exercises, not to mention a whole host of smaller elements of military cooperation which help us to sustain our worldwide military posture.

We should also remind ourselves that security assistance programs have positive domestic consequences. The funds you approve are spent for equipment produced in the United States by American workers or for services provided by American citizens.

Generally, our military assistance programs are targeted at the poorer countries with which we have important security objectives in common. They, in turn, don't have the resources to meet those objectives on their own and don't always have the capacity to collaborate with us without our help. The threats and challenges to our security interests have generally been concentrated in the Third World in recent years—a fact that underlies the general case for economic assistance as well as military assistance: we help these nations improve the common defense in the short run while we also help, where we can, to shore up their economies in order to sustain our collaboration over the longer run.

The Secretary has tried to emphasize the importance of our growing relationships in the Third World in his own testimony before you. Let me review and amplify some of the points he has made.

- About 40% of our exports go to developing countries, many of which rely

heavily on our security assistance to defend themselves against aggression or subversion.

- Each \$1 billion of U.S. exports supports roughly 26,000 American jobs, and one out of five manufacturing jobs today is related to U.S. exports to these Third World markets.

It should be clear, therefore, that security assistance provides a variety of direct and tangible benefits to the United States. Its contribution to a stronger, safer, healthier market for growing U.S. exports is high on the list.

The Dangers of Funding Cuts

Security assistance programs are essential to our ability to conduct foreign policy; they also have useful domestic side benefits. But they have been cut below the threshold of prudence.

It should be obvious to any dispassionate observer that we are not going to dent our Federal deficits by taking big cuts in programs which make up less than 2% of the Federal budget. Though the cuts are small in relation to the deficit reduction effort, they have very large consequences in terms of U.S. foreign policy.

- In fiscal year (FY) 1986, Congress reduced the President's request by 10%. With the 4.3% "sequester" mandated by the Gramm-Rudman-Hollings act, FY 1986 funding fell 14.3% below the request.

- In an attempt to minimize further congressional cuts, we clamped down hard on the FY 1987 proposals and submitted a rock-bottom budget to the Congress. Yet in FY 1987, foreign assistance appropriations were cut 17% below the request.

- For FY 1987, military assistance was cut 10% below the actual levels of the previous year, and economic support funds were cut 5.4% below FY 1986 appropriations.

- Moreover, these heavy cuts in overall levels are greatly magnified in their foreign policy consequences by massive congressional earmarking. The earmarking of Israel and Egypt at the full request level and additional earmarking of Greece, Pakistan, and Turkey left only 14% of the military program funds available for 30 countries in FY 1987.

- These cuts fell most heavily on programs for countries with which we have base rights and access agreements—especially the southern flank of NATO. The cuts came at a time when we were renegotiating several of these agreements.

More specifically:

- Spain was reduced by 75% in the midst of renegotiating the base rights treaty. That negotiation, predictably, is not going well.

- Portugal, which permits our use of the vital Lajes Air Base in the Azores, was cut \$56 million.

- We could only allocate \$50 million in MAP funds for the Philippines. This amount is little more than half the total FY 1986 allocation and half of the minimum of \$100 million that we think the Philippines really needs. Now that the government's cease-fire with the insurgents has broken down, we must find a way to give President Aquino's government adequate support.

- Further, El Salvador suffered a 4% cut in military assistance funds. Fortunately, we were able to increase ESF funds by 2.6%, but only at the expense of other important ESF programs.

- Elsewhere, the FY 1987 reductions also had a profound effect on our national interests. Jordan, a key player in the Middle East peace process, was reduced by 50%. The result is that Jordan can no longer buy sufficient spare parts, ammunition, or upgrade kits for its armed forces. Morocco, which provides us with important access rights, was cut 13.1%. Somalia, important to our force projection capability in the region, received an allocation 57% below the FY 1986 level. Kenya, another military access country, will receive 55% less this year than last. And Oman, whose cooperation is important to our Southeast Asia strategy, will receive no military assistance funds in FY 1987. Tunisia, which faces Libya over its eastern frontier, saw its program fall by 50%.

In these cases, the countries affected are less able to deter aggression because essential military equipment or the support to operate it cannot be purchased. If aggression were to come in some of these countries, the United States would face the choice of greater U.S. involvement in their defense or letting our allies and friends run their own risks of survival while we stood by.

In a number of these countries, we are developing transit, prepositioning, or basing arrangements which extend or enhance our own military posture. Such arrangements are sometimes politically controversial in those countries and extremely hard to defend if there is a visible decline in or disappearance of the tangible U.S. contribution to the common defense.

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Security assistance only makes sense if these programs are clearly in support of the fundamental national interests or the foreign policy of the United States. Those fundamental national interests include a just and comprehensive peace in the Middle East. Such a peace would have to recognize the legitimacy and allow for the security of Israel. It would have to provide for self-government for the West Bank Palestinians in association with Jordan, and it would have to be the result of direct negotiations between the concerned parties.

In support of these goals, the largest part of our security assistance programs—some 55%—goes to Egypt and Israel. With this large commitment of resources, we enhance the self-defense capabilities of the two countries which have taken the major steps toward peace in the Middle East. We also lay the groundwork for broader political and security cooperation with Jordan and other moderate Arab countries. On the other hand, when the Congress earmarks the requested amounts for Israel, Egypt, and a few others and reduces overall levels substantially, the result is that we are unable to fund adequately the programs of other friends and allies worldwide.

Our Middle East programs are also important because of geography. The Middle East controls the sea- and air-lanes between Europe and Asia. They are also important because 70% of the world's proven oil reserves lie there, and we need to preserve the free world's access to those reserves. And finally, they are important because of our commitments made to Israel over the years by every American administration since 1948.

For many years, U.S. defense strategy has been built around the complementary ideas of coalition defense and forward deployment. Both require that the United States has friends and allies. Our allies, unlike the Soviets', however, are partners, not satellites; we have to work with them and take into account their perceived needs and interests in order for the alliance to work effectively. Some of our allies, especially those along NATO's southern flank, do not yet have the economic strength to equip their armed forces at the levels mutually agreed upon in NATO. Our security assistance, along with that of other more industrialized NATO partners, provides important additional resources which these countries need to upgrade and modernize their forces. The mere existence of the well-trained and ever-better equipped forces of Portugal, Spain, Greece, and

Turkey are a powerful deterrent to any power with ambitious designs in the Mediterranean or along the southern flank of NATO. Furthermore, these countries give us access to bases and other facilities on which our forward deployment strategy—which is central to NATO's defense strategy—depends.

Other friendly countries also provide us with basing and other facilities. The Philippines, for example, provides us with the bases at Subic Bay and Clark Field. The loss of Subic and Clark would be a geopolitical disaster of the first magnitude for the United States and our friends in the Pacific. It would take billions of dollars to replace those bases elsewhere, if we could, and our ability to support naval forces in the Indian Ocean would be substantially diminished. The insurgency which threatens the Aquino government is, thus, a threat to vital strategic interests of the United States and to security in the Pacific. It is essential to provide the Philippines with adequate levels of military and economic assistance.

On the Horn of Africa, Kenya and Somalia provide us with access rights which are essential parts of our Southwest Asia strategy. Yet both are poor countries, militarily weak, and threatened both internally and externally. The relatively small amounts of economic and military assistance we try to provide may well be critical.

All in all, much of our coalition defense and forward deployment strategy is in danger if we fail to provide adequate levels of security and economic assistance to the relatively small number of countries whose collaboration is critical.

Benefits of the Security Assistance Program

We believe we have contributed to another important and positive development through our assistance programs, which clearly justifies continued support. Central America—with one democracy and four dictatorships in 1980—now, in 1987, boasts four democracies and one dictatorship. Our assistance to this region, the vast majority of which remains economic rather than military, provides the critical resource margin which has allowed this remarkable change to take place. However, let me underline the importance of military assistance in this process. All the economic reforms and resource assistance imaginable will come to naught if there is no credible security shield in place to protect the new economic structures

from attack. The Philippines, of course, is also in this category.

Other countries confront neighbors with hostile designs. Pakistan looks across its border into an Afghanistan occupied since 1979 by Soviet forces. At the same time, Afghan refugees fleeing the Soviet occupation are placing a heavy burden on Pakistani resources. Our interests dictate that we must provide Pakistan with the resources for economic development and an effective defense. Likewise, Thailand faces a Vietnamese threat from neighboring Cambodia. Again, our interests demand that we make resources available so that Thailand can present an effective defense to Vietnam. Tunisia and especially Chad have a similar problem with their mutual neighbor, Libya, which occupies the northern third of Chad. Our security assistance supports the much larger French effort to assist Chad. Tunisia must modernize its armed forces if it is to present a viable deterrent to Libya. We have offered to assist in this effort. For us to do so, Congress must give us the resources.

By using security assistance, the United States provides resources to countries under pressure to defend themselves. These programs, at the same time, greatly reduce the risk that U.S. forces will have to be committed in support of U.S. interests. They reduce the possibility of spreading ourselves too thin in the Third World. In no other way could we protect the vital interests of the United States and friendly countries at so low a cost.

Another objective of security assistance is to promote regional stability. Countries such as Senegal, Jamaica, and the small island states of the Caribbean require political stability so that they can pursue their economic development plans. In these nations, our economic assistance is by far the most important ingredient of our assistance programs. Military assistance, nevertheless, plays an important role.

A large part of our security relationship with many friendly and allied countries consists of sales of military equipment requiring no appropriated funds. Yet countries as diverse and distant as Saudi Arabia and Australia, Japan and the Netherlands, participate. These countries purchase U.S.-produced equipment for cash. Some use the FMS [foreign military sales] system, others direct commercial sales, depending on the needs of their respective military establishments. In turn, they help protect vital, mutually shared interests around the world. As an added benefit,

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these purchases sustain tens of thousands of U.S. jobs and lower the costs of equipment for our own forces because they lower the unit cost of each item purchased.

Finally, the security assistance program includes the international military education and training (IMET) program. This training provides friendly countries the necessary professional and technical skills they need to run their military establishments. A significant part of the professional training concerns the importance of observing internationally recognized standards of human rights. Many of the officers trained here later occupy positions of great responsibility in their countries. If an officer's training is a worthwhile experience—and we work hard to make sure that it is—then the United States has a valuable contact. We believe the value of the program far exceeds what it costs the United States.

FMS Debt Restructuring

Mr. Chairman [Rep. David Obey], I know that you and this subcommittee have devoted considerable thought and effort to the ongoing foreign debt crisis. As you know, the President approved two options which address the concerns of Congress and our friends and allies regarding FMS debt. This initiative is directed at FMS loans made by the Federal Financing Bank and guaranteed by the Defense Security Assistance Agency. I know that you, personally, Mr. Chairman, have expressed concern about the effect of this initiative on the budget.

We had the parameters of the Gramm-Rudman-Hollings bill firmly in mind as we wrestled with the details of this initiative. To the extent possible, the Administration will try to neutralize the effect on the budget of our FMS restructuring proposals over the next couple of years by balancing prepayment receipts against capitalized interest payments. Again, it should be understood that for those countries that decide on the capitalization of interest option, they will eventually pay the full future value of the loan.

The President authorized the restructuring of this FMS debt principally to promote U.S. national security interests. He also took these steps to protect the loans from default. The loans, signed at a time of record interest rates in this country, have become a major strain in our relationship with some of our friends and allies. A number

of countries—among them, Egypt, Israel, Turkey, and El Salvador—have pressed us for some way to alleviate this problem. Egypt, for example, owes the United States \$4.6 billion in FMS debt. The service on these loans costs that country \$500 million annually.

These debts had become more than just an economic burden. They acquired political dimensions. Friendly governments were having increasing difficulty justifying the high interest rates on these loans, which the United States extended to promote mutual security interests.

This initiative also addresses the concerns of Congress about the FMS debt burden. In FY 1985, the Congress approved the FMS direct credit program, which allowed us to establish the concessional credit program. Congress also supported our efforts to increase cash aid under the military assistance program for similar reasons. This legislation significantly reduced the burdens for those countries least able to support them. However, it did not reduce the burden of existing FMS debt. Once again, the Congress took note of this problem. The FY 1986 Continuing Resolution states: "It would be in the best interests of our friends and allies to alleviate their burdens brought about by past loans." In fact, since the Continuing Resolution was passed in December 1985, individual Members of Congress have approached the Administration to express their continuing concern about the problem of high interest rate loans and the FMS debt burden, particularly for key allies.

After reviewing this matter carefully, we concluded that we had to take action to help our friends and allies manage their FMS debt burden. Otherwise, we would face potentially serious damage to our security relations with these countries which would have

negative consequences for U.S. national security interests.

Conclusion

In closing, I would like to return to Secretary Shultz's theme. Draconian cuts in the foreign affairs budget are causing a self-made foreign policy crisis. The Administration is fully committed to reducing the budget deficit. Our budget request for FY 1988 carefully balances the need for fiscal austerity with the need to preserve national security and the position of the United States in the world. The United States cannot afford another round of foreign affairs budget cuts like the last 2 years. To do so could imperil our interests around the world and could raise to unacceptably high levels the risk that U.S. forces would have to protect our vital interests directly. It could, in effect, return the United States to the discarded policy of isolationism. We would make this decision by default, not by debate over the pros and cons of the policy. Such a course of events would be unfortunate and potentially disastrous for this country. I believe that you fully comprehend the scope of that potential disaster.

Therefore, I urge each of you to give careful consideration to our request. We stand ready to work with you in any way we can to reach our common objective of providing for the vital interests of this country. As I have told some of you in our informal meetings, I am convinced we must work closely together, and so I promise full, close, and timely consultation. Working together, I am convinced we can achieve the goals we set out to accomplish.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Afghanistan Day, 1987

PROCLAMATION 5621, Mar. 20, 1987¹

The people of Afghanistan traditionally celebrate March 21 as the start of their new year. For the friends of the Afghan people, the date has another meaning: it is an occasion to reaffirm publicly our longstanding support of the Afghan struggle for freedom. That struggle seized the attention of the world in December 1979 when a massive Soviet force invaded, murdered one Marxist

ruler, installed another, and attempted to crush a widespread resistance movement.

Despite a 7-year reign of terror by over 115,000 Soviet troops, the Soviet attempt to subjugate the Afghans has failed. The puppet Kabul regime remains weak and illegitimate. The resistance movement has fought the Soviet army to a standstill. And the Afghan people, whose support for the resistance is overwhelming, have continued to show an indomitable will to be free.

During the past year, the Afghan people have advanced their cause in a variety of

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ways. On the political front, the resistance Alliance has grown more cohesive and more effective. One major step in this direction occurred January 17, when the seven Alliance leaders put forward their own comprehensive plan for a free Afghanistan. The Alliance has also become the focal point for the distribution of social services and humanitarian resources inside the country, thereby helping to stem the outflow of refugees and laying the basis for reestablishing a free Afghanistan.

On the battlefield, the resistance has demonstrated growing strength. Notable achievements include an increased ability to counter communist air power, the renewal of heavy military pressure on Kabul, the resurgence of resistance activity in the north, and the defeat of communist efforts to consolidate control over Kandahar and Herat, Afghanistan's second and third largest cities.

The success of the resistance may well have prompted the Soviets to demonstrate a new interest in the political side of the conflict. While we welcome statements that the Soviets wish to bring about a political settlement and to withdraw their troops, we shall continue to gauge their intentions by the only accurate measurement—their actions.

Thus far, Soviet proposals have lacked realism and substance. They appear to be aimed at deceiving world opinion rather than at seeking peace and self-determination. A cease-fire without reference to the withdrawal of Soviet troops is meaningless. National reconciliation with a communist-dominated government as its starting point and its foreordained result is a sham that the resistance, the refugees, and the people of Afghanistan will never accept.

Acts of war by the Soviet Union and its Afghan allies totally belie conciliatory intentions. As peace talks began in Geneva last month, communist aircraft swept into Pakistani territory three times in as many days and bombed refugee camps and crowded bazaars, killing over 100 people and wounding 250. Around the same time, terror bombings inside Pakistan—notably a February 19 blast outside an Afghan refugee office and a nearby school—also started to increase. These acts represent a crude attempt to dispirit the resistance and to intimidate Pakistan into abandoning its courageous and principled support of the Afghan people. Such attempts have not worked before and will not work now.

Negotiations to bring this war to an end have been taking place in Geneva for over 5 years. We support them. The U.N. negotiator has announced that a timetable for the withdrawal of Soviet troops is the sole remaining obstacle to a settlement. On this matter, we endorse Pakistan's statements that such a timetable must be based solely on logistical criteria and be expressed in terms of months, a very few months, not years.

By presenting unrealistic timetables apparently designed to crush the resistance and achieve a military solution before the Red Army withdraws, the onus for continued fighting falls on the Soviets and their Afghan puppets. The U.N.-sponsored talks are cur-

rently suspended. Meanwhile, the Pakistanis have held firm on the key requisites, including Afghan self-determination. As a result there are some faint indications that the Soviets may have begun to understand the need for a realistic political solution.

In these circumstances, it is important to maintain steadily increasing pressure on the Soviets. It is essential that we and others continue to support Pakistan in the face of increasing cross-border attacks and sabotage attempts. Most important, it is essential that we and others continue our support of the brave struggle by the Afghan resistance. We must not let up until all Soviet troops depart and the Afghan people are free to determine their own future. Nothing less will suffice. I am proud of the strong support provided over the past 6 years by my Administration, by the Congress, and by the American people. I am confident we shall continue to stand firm and not falter.

The Congress, by Senate Joint Resolution 63, has authorized and requested the President to issue a Proclamation designating March 21, 1987, as "Afghanistan Day."

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby proclaim March 21, 1987, as Afghanistan Day, and I urge the American people to participate in appropriate observances to reflect our support of the Afghan struggle for freedom.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of March, in the year of our Lord nineteen hundred and eighty-seven, and of the Independence of the United States of America the two hundred and eleventh.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Mar. 23, 1987. ■

FY 1988 Assistance Requests for Organizations and Programs

by Alan L. Keyes

Statement before the Subcommittee on Commerce, Justice, State, the Judiciary, and Related Agencies of the House Appropriations Committee on April 1, 1987. Ambassador Keyes is Assistant Secretary for International Organization Affairs.¹

It is a pleasure to appear before you today in support of our FY 1988 request totaling \$470 million for contributions to international organizations. Last spring, in my first appearance before this committee, I indicated that we would seek greater donor influence at key points in the program budget decisionmaking process and insist that every stage of this process be made more transparent since the availability of this information is crucial to the exercise of donor influence. If we were successful in changing the program budget decisionmaking procedure so that cost were taken into account when establishing priorities and selecting programs, we could force organizations to choose between competing priorities.

Since then, the UN General Assembly has adopted a significant reform package, one that could measurably increase the influence of major contributors such as the United States over the budget and management of the UN organization. Of course, the real proof of reform will be in the implementation. Just as we pledged last year

to do our utmost to achieve necessary reforms, we pledge now to continue our effort to assure that they will be effectively carried out.

Nothing we have done, however, would have been possible without the serious, informed concern and support of the Congress—nothing we have done and nothing we hope to do. In the closing days of the 41st UN General Assembly, we achieved a major foreign policy accomplishment. The Administration, with the support of the Congress, succeeded in having the United Nations take what the President has described as "A historic step to adopt sweeping reforms of its organization and methods of operation . . . designed to strengthen the organization's effectiveness and efficiency in carrying out its important political, economic, and social objectives." Adoption of these reforms represents the culmination of 6 years of serious effort, which would not have been possible without congressional assistance.

During its present session, the U.S. Congress faces critical decisions that will determine the U.S. ability to build upon these improvements. Understandably congressional skepticism about the significance of the UN's recent actions, compounded by years of considerable disappointment in the organization's performance, runs high. If we do not take advantage of the opportunity they represent to advance American interests, we risk throwing away the results of 6 years of intense U.S. effort culminated by a

success that could not have been achieved without congressional interest, leadership, and action.

UN Reforms

There is little need to review in detail the situation that gave rise to the UN's reform crisis. From an American viewpoint, the crisis had two distinct but related aspects. The hostility to free democratic values, principles, and policies expressed with increasing frequency in UN resolutions aroused resentment and indignation among the American public and in the U.S. Congress. Added to this was a growing perception of waste, mismanagement, and inefficiency in the operation of the UN bureaucracy. The first dramatically eroded the tolerance traditionally accorded the second. As the U.S. Government's general budgetary crisis intensified, pressure to cut back the American contribution to the United Nations became virtually irresistible.

At first, congressional reaction to this pressure took the form of cutbacks targeted against activities Congress deemed contrary to the UN Charter or damaging to U.S. interests—for instance, support of organizations such as the Palestine Liberation Organization (PLO) that practice or abet terrorism. In the fall of 1985, however, the Congress passed legislation that required a 20% across-the-board cut in the assessed U.S. contribution to the United Nations unless the UN adopted decisionmaking procedures on budgetary matters that apportioned votes according to the size of a country's assessed contribution.

The U.S. Government officials who responded to the congressional mandate realized that Congress had identified perhaps the fundamental cause of both the UN's mismanagement and its political bias. The countries which contributed the bulk of the UN's resources could be easily overruled by a numerically superior bloc that paid less than 2% of the UN's work. The voting majority could ignore the interests and sensitivities of major contributors in order to pursue the political vendettas of one or another of the majority of the influential voting blocs. The results short-changed the UN's original goals and purposes, diverting time, money, and human energy to indulge a dangerous and unproductive passion for political warfare. The congressional requirement compelled a search for some way to achieve a more constructive equilibrium between contributors and the voting majority.

Last December the 41st General Assembly of the United Nations approved a resolution (41-213) that should be a critical turning point in the organization's history. The resolution provided for specific changes in administration and management. In addition it contained agreement on a consensus-based procedure for decisions on the overall size and general structure of the UN budget. As a consequence of this action, the United States, like other major contributors, stands to gain increased influence over the management of UN resources. If properly implemented, it will have a significant and positive impact on the UN political system. The key feature of the UN's action is a budget mechanism which has been devised containing four essential elements:

- A budget ceiling;
- An indication of program priorities;
- A provision for a limited contingency fund which will protect the integrity of the budget from constant add-ons; and
- Most importantly, a consensus decisionmaking process.

To implement these features, the mandate of an existing committee—The Committee for Program and Coordination (CPC)—has been strengthened so that the CPC may undertake its important new responsibilities in considering the Secretary General's program budget outline and submitting its conclusions and recommendations to the General Assembly.

The Kassebaum-Solomon legislation adopted by the Congress in 1985 required a change in the UN's decisionmaking process to give greater weight to the opinions of the major contributors. The establishment of a consensus decisionmaking process for UN budgetary matters responds directly to that requirement. To understand this, one must understand what consensus is, how it affects the UN political process, and how it creates greater leverage for the major contributors.

The Consensus Decisionmaking Process

Although the mandate in the General Assembly's agreement to decide budgetary matters by consensus is an innovation, the practice has been widely used in UN bodies and organizations for dealing with other issues. While not quite the same as unanimous consent, consensus means that decisions are taken without a vote. Thus if any party objects

to some language of provision strongly enough to demand a vote, discussions must continue until a compromise is reached. In the final analysis, consensus may not mean everyone is happy with the result. It simply means that negotiations have reached the point at which no state or group of states feels strongly enough to bear the political cost of calling for a vote and being identified as the cause of a disruptive failure.

The establishment of a consensus based budget decisionmaking process has the effect of reducing the ability of the numerical majority to dictate decisions about the size and use of UN resources. If the resort to majority power cannot simply be assumed, real compromise becomes essential. Trade-offs must be achieved between minority and majority viewpoints involving the exchange and modification of tangible interests. Cosmetic gestures, intended mainly to camouflage minority capitulation, no longer suffice. Where the minority achieves a reasonable degree of cohesion, the result is a more balanced political dialogue in which both the majority and the individuals composing the minority are compelled to act more responsibly. The majority cannot pretend that they have won a victory by voting through meaningless resolutions that lack tangible backing from the major contributors. The chief contributors can no longer cast meaningless "no" votes that relieve them of responsibility for the consequences of a decision, without in any way preventing it from going into effect.

Implication for the Political Process

The greater need for compromise and responsibility has important implications for the overall character of the UN political system. Where majority coalitions need not be decisive in determining outcomes, bloc politics tend to be a less dominant factor. Since any member state, and particularly the more substantial ones, can stall or prevent action, the ability to work with and influence individual states becomes more important. In place of the mindless politics of group conformity, greater individual choice and responsibility emerge.

The decisionmaking process established by the 41st General Assembly may have an additional effect beyond the general impact of the consensus principle. In the first instance, general agreement on budgetary decisions will be forged in the CPC. This is a body of limited membership. At present 21 states participate. A consensus agree-

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ment forged among these states will represent not only a paper proposal but a political coalition pledged to sustain their consensus in discussions with other members of the organization. Such a coalition, comprised of members from all the regional and ideological groupings, would be a unique, new element in the UN's political equation. The revised CPC's membership could represent a new leadership group, able to reach agreement in itself only through a willingness to exercise judgment and persuasion that transcends the dictates of any automatic bloc allegiance. If the new arrangement works, therefore, it could occasion the emergence of a leadership system in the United Nations, counteracting and moderating the contentious, paralyzing effects of the bloc system.

These general effects of the increased importance of consensus decisionmaking would surely benefit the United States. During the discussion of the reform resolution some went further, expressing the fear that the consensus requirement means a virtual veto for the United States. One superficial response to this argument is the observation that such a veto would be in the hands of the Soviet Union, as well as any other state or group of states that persists in an intransigent position. Both the fear expressed and the argument purporting to allay it betray complete innocence of any real experience with the UN system. Anyone who has participated in a negotiation where consensus is the prevailing rule—discussions in the UN Development Program's (UNDP) governing council, for instance—knows that enormous pressures build up against any single state or small group of states which persist in obstructing agreement when everyone else is ready to accept it. A sufficiently large dissenting group, or a small group representing large interests (such as the small group of major donors to UNDP), can compel attention to their concerns. Isolated resistance (even from the United States or the Soviet Union) is hard to sustain in the face of political pressures, particularly from friendly countries whose cooperation one will need in the future.

Thus, the consensus principle may result in situations where a country such as the United States will be maneuvered into acquiescing in resolution or projects that, in a voting environment, it would simply vote against. The pursuit of consensus can lead delegations to develop a mentality that seeks agreement at almost any cost, thereby eroding the will to defend and promote important national interests or principles. Past

experience suggests that this is an affliction that more easily infects the Western or developed countries. They tend to be much more sensitive to the discomfort of being perceived as the obstacles to an agreement, even though it may be a bad one.

Consensus will not, therefore, result automatically in increased influence for the major donor countries. It simply provides them the opportunity to develop more influence if they have the will and sophistication to do so. Will is needed in order to resist the pressures for preemptive concession; in order to put forward and persist in tough, honest positions; in order to distinguish between cosmetic capitulation and constructive compromise. Sophistication is needed in order to deal prudently with the complex political interests among the other member countries of the United Nations. Often behind the facade of obstreperous group solidarity lie true interests not reflected in group rhetoric or positions. The pursuit of consensus can force these interests to the fore, creating opportunities for agreement thwarted by the contentious posturing that characterizes bloc politics.

During the past several years, U.S. delegations to the various UN fora have proven beyond doubt that the United States can effectively defend and promote its interests in a consensus environment. It requires toughness, energetic activity, the ability to articulate a clear, uncompromised U.S. position, and the willingness to work closely with any who seek results that go beyond political vendettas. Above all it requires a willingness to stand firm absolutely in the face of one-sided agendas and unreasonable demands.

Greater Leverage for Major Contributors

In addition to the lessons learned in the past several years, the new consensus-based budgeting process offers additional advantages. Budgets necessarily affect the basic direction and character of an organization. Where agreement on the size and program priorities of its budget requires broad based acquiescence, a general atmosphere of unfairness or hostility to one or another member of an organization can hardly persist for long. Among the trade-offs needed to secure broad agreement will surely be some that affect the tone, content, and direction taken in areas of sensitivity to important participants. It is very unnatural for anyone to agree to increase the weight of the stick others use to beat him. So it will be with the

size and effectiveness of the UN budget. For the first time in the organization's history, the United States and other major contributors will be in a position to exchange their monetary contributions for currency usable in the UN's noisy political market.

Behind whatever gains the outcome of the 41st General Assembly represents lies the stark fact that nothing would have been accomplished absent the pressure generated by congressionally mandated cutbacks in the U.S. contribution to the United Nations. Thanks to this pressure, the reform issue dominated the General Assembly's agenda. Thanks to this pressure, all recognized that credible results were essential. Thanks to this pressure, delegations reached an agreement incorporating the consensus principle. As a result of this agreement, some believe that it's time to take the pressure off. Others believe that more cuts will keep the pressure up. Having built up a head of steam and gotten the wheels to inch through a single turn, we must either shut the boiler down or blow the engine up. Obviously neither alternative makes much sense.

Equally obvious, however, is the fact that the agreement achieved under pressure at the 41st General Assembly probably won't be implemented effectively unless some kind of incentive operates on the UN Secretariat and the other member states. How to develop and structure such an incentive is the critical issue the U.S. Congress faces this year with regard to U.S. participation in the United Nations.

The real proof of reform will be in the implementation. That implementation will require good-faith efforts on the part of the Secretariat and the other member states. It will also require renewed consistency in the financial support provided to the organization, commensurate with the results achieved through the reformed program budgeting process. As we move through that process this year, we will keep you and other members of the committee up-to-date on the implementation of the reform package.

We believe the agreement reached in the General Assembly to use consensus in determining the UN budget level and program priorities more than meets the underlying intent of the Kassebaum-Solomon amendment for the United Nations. The requirement for consensus assures that the views of the United States and other major contributors should now be adequately reflected in decisions on UN program budget issues.

TREATIES

Current Actions

MULTILATERAL

Arbitration

Convention on the recognition and enforcement of foreign arbitral awards. Done at New York June 10, 1958. Entered into force June 7, 1959; for the U.S. Dec. 29, 1970. TIAS 6997.

Accession deposited: Burkina Faso, Mar. 23, 1987.

Aviation

Convention for the suppression of unlawful seizure of aircraft. Done at The Hague Dec. 16, 1970. Entered into force Oct. 14, 1971. TIAS 7192.

Convention for the suppression of unlawful acts against the safety of civil aviation. Done at Montreal Sept. 23, 1971. Entered into force Jan. 26, 1973. TIAS 7570.

Accessions deposited: Honduras, Apr. 13, 1987.¹

Memorandum of understanding concerning scheduled transatlantic passenger air fares, with annexes. Done at Paris Feb. 13, 1987. Entered into force Apr. 1, 1987, with respect to parties who have signed on or before that date.

Signatures: Belgium, Finland, France, Germany (Fed. Rep.), Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, U.K., U.S., and Yugoslavia, Feb. 13, 1987.

Biological Weapons

Convention on the prohibition of the development, production, and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London, and Moscow Apr. 10, 1972. Entered into force Mar. 26, 1975. TIAS 8062.

Notification of succession deposited: St. Lucia, Nov. 26, 1986.

Accession deposited: Korea, Dem. People's Rep., Mar. 13, 1987.

Environmental Modification

Convention on the prohibition of military or any other hostile use of environmental modification techniques, with annex. Done at Geneva May 18, 1977. Entered into force Oct. 5, 1978; for the U.S. Jan. 17, 1980. TIAS 9614.

Accession deposited: Argentina, Mar. 20, 1987.

Marine Pollution

International convention on civil liability for oil pollution damage. Done at Brussels Nov. 29, 1969. Entered into force June 19, 1975.² Accession deposited: Peru, Feb. 24, 1987.¹

1985 amendments to the protocol of 1978 relating to the international convention for the prevention of pollution from ships, 1973. Adopted at London Dec. 5, 1985. Entered into force: Apr. 6, 1987.

adopted, or are making substantial progress in adopting, improved budgetary decisionmaking procedures and are implementing them. Once appropriate offsets are found, we plan to submit an FY 1988 budget amendment for up to \$111 million to restore U.S. contributions to their proper level in the FY 1988 budget.

I will now turn to the specifics of the FY 1988 request which is before this committee. As you know, U.S. assessed contributions may be grouped into four general categories:

UN and affiliated agencies	\$305,810,000
Inter-American organizations	\$96,660,000
Regional organizations	\$55,780,000
Other international organizations	\$11,750,000
Total	\$470,000,000

The \$305.8 million request for the United Nations and affiliated agencies amounts to an increase of \$67 million over FY 1987.

The 1988 request for the inter-American organizations represents an increase of \$9.5 million primarily attributable to the discontinuation of a planned arrearage in the Organization of American States (OAS) and mandatory price increases and inflation in the Pan American Health Organization (PAHO).

For the regional and other organizations, the FY 1988 request is \$67.5 million, which represents an increase of \$8.5 million over FY 1987. The increase is largely attributable to inflation and reestablishing full funding for FY 1988 requirements over FY 1987 appropriated levels.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Our efforts to achieve necessary reforms focused on the United Nations since the specialized agencies have not caused for us budgetary problems to the same extent as the central United Nations. However, the Kassebaum-Solomon amendment applied to the UN specialized agencies as well. Following the lines of the reforms adopted by the United Nations, we intend to explore within each of the agencies the possibility of establishing a consensus procedure for key program budget decisions.

Each of the affected agencies has its own charter or constitution independent of the United Nations. As such each has its own program budget approval process and a different timeframe for the major meetings deciding on its program budget. We are now working with the individual secretariats in anticipation of upcoming agency meetings which can best address the reform issues. We believe the prospect for adoption of similar procedures is very good.

FY 1988 Request

Critical to the successful implementation of the reform effort is the need to restore U.S. assessed contributions to their proper level in FY 1988. Our budget request for the United Nations and the specialized agencies was prepared prior to UN General Assembly approval of the reform measures and reflects a significant shortfall in our contribution levels. The Department's FY 1988-89 authorization bill includes a provision to amend the Kassebaum-Solomon amendment to take account of these reforms. The amendment authorizes such additional sums as may be necessary to restore our contributions in the context of the FY 1988 budget. These monies would be released upon presidential certification that the United Nations and specialized agencies have

TREATIES

1985 amendments to the annex of the protocol of 1978 relating to the international convention for the prevention of pollution from ships, 1973. Adopted at London Dec. 5, 1985. Entered into force: Apr. 6, 1987.

Maritime Matters

Convention on facilitation of international maritime traffic, with annex. Done at London Apr. 9, 1965. Entered into force Mar. 5, 1987; for the U.S. May 16, 1967. TIAS 6251. Accession deposited: Egypt, Feb. 19, 1987.³

International convention on load lines, 1966. Done at London Apr. 5, 1966. Entered into force July 21, 1968. TIAS 6331, 6629. Accession deposited: Brunei, Mar. 6, 1987.

International convention on tonnage measurement of ships, 1969, with annexes. Done at London June 23, 1969. Entered into force July 18, 1982; for the U.S. Feb. 10, 1983. TIAS 10490. Accession deposited: Antigua and Barbuda, Mar. 3, 1987.

Convention on the international regulations for preventing collisions at sea, 1972, with regulations. Done at London Oct. 20, 1972. Entered into force July 15, 1977. TIAS 8587. Accession deposited: Egypt, Feb. 19, 1987.

Patents

Patent cooperation treaty, with regulations. Done at Washington June 19, 1970; entered into force Jan. 24, 1978. Withdrawal of reservation concerning Chap. II: U.S., Apr. 1, 1987.

Pollution

Convention on long-range transboundary air pollution. Done at Geneva Nov. 13, 1979. Entered into force Mar. 16, 1983. TIAS 10541. Ratification deposited: Yugoslavia, Mar. 18, 1987.

Organization of American States

Protocol of amendment to the Charter of the Organization of American States (TIAS 2361). Signed at Cartagena de Indias, Colombia, Dec. 5, 1985.⁴ Ratification deposited: Honduras, Apr. 15, 1987; Paraguay, Mar. 27, 1987.

Rubber

International natural rubber agreement, 1979, as extended. Done at Geneva Oct. 6, 1979. Entered into force provisionally Oct. 23, 1980; definitively Apr. 15, 1982. TIAS 10379. Ratification deposited: Morocco, Mar. 19, 1987.

Telecommunications

International telecommunication convention, with annexes and protocols. Done at Nairobi Nov. 6, 1982. Entered into force Jan. 1, 1984; definitively for the U.S. Jan. 10, 1986. [Senate] Treaty Doc. 99-6.

Accessions deposited: Antigua and Barbuda, Feb. 4, 1987; St. Vincent and the Grenadines, Dec. 15, 1986.

Ratifications deposited: Argentina, Feb. 2, 1987;³ Libya, Dec. 15, 1986; Madagascar, Jan. 22, 1987; Syria, Jan. 15, 1987; Tanzania, Jan. 5, 1987; Tunisia, Feb. 10, 1987.

Trade

Convention on transit trade of land-locked states. Done at New York July 8, 1965. Entered into force June 9, 1967; for the U.S. Nov. 28, 1968. TIAS 6592. Accession deposited: Burkina Faso, Mar. 23, 1987.

Protocol of provisional application of the General Agreement of Tariffs and Trade. Concluded at Geneva Oct. 30, 1947. Entered into force Jan. 1, 1948. TIAS 1700. Contracting party status accorded: Antigua and Barbuda, Mar. 30, 1987.

Trade—Textiles

Protocol extending the arrangement of Dec. 20, 1973 regarding international trade in textiles (TIAS 7840). Done at Geneva July 31, 1986. Entered into force Aug. 1, 1986; for the U.S. Aug. 5, 1986. Acceptance deposited: Pakistan, Mar. 27, 1987.

UN Industrial Development Organization

Constitution of the United Nations Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979. Entered into force June 21, 1985. Accession deposited: St. Vincent and the Grenadines, Mar. 30, 1987.

Wheat

Wheat trade convention, 1986. Done at London Mar. 14, 1986. Entered into force July 1, 1986.⁵ [Senate] Treaty Doc. 100-1. Accessions deposited: Hungary, Mar. 12, 1987; Pakistan, Jan. 13, 1987.

Women

Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.² Accessions deposited: France, Apr. 3, 1987; Malawi, Mar. 12, 1987.

BILATERAL

Austria

Agreement amending the agreement of Dec. 19, 1985, concerning trade in certain steel products. Effected by exchange of letters at Washington Dec. 22, 1986. Entered into force Dec. 22, 1986; effective Jan. 1, 1987.

Bangladesh

Agreement amending and extending agreement of Feb. 19 and 24, 1986, as amended, relating to trade in certain apparel categories. Effected by exchange of notes at Washington Mar. 25 and 27, 1987. Entered into force Mar. 27, 1987.

Brazil

Agreement amending agreement of Aug. 7 and 29, 1985, as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Washington Mar. 12 and 19, 1987. Entered into force Mar. 19, 1987.

Burkina Faso

Agreement concerning the provision of training related to defense articles under the U.S. International Military Education and Training (IMET) Program. Effected by exchange of notes at Ouagadougou Feb. 20 and Aug. 26, 1986. Entered into force Aug. 26, 1986.

Cyprus

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Effected by exchange of notes at Nicosia Mar. 4 and 10, 1987. Entered into force Mar. 10, 1987.

Egypt

Grant agreement for cash transfer for balance-of-payments support. Signed at Cairo Mar. 8, 1987. Entered into force Mar. 8, 1987.

France

Agreement regarding participation in the USNRC international piping integrity research group, with appendices. Signed at Fontenay-aux-Roses and Bethesda Feb. 20 and Mar. 5, 1987. Entered into force Mar. 5, 1987.

Germany, Federal Republic of

Agreement in the field of remote systems technology (atomic energy safety), with appendix. Signed at Washington Apr. 24, 1987. Entered into force Apr. 24, 1987.

Guinea

Agreement regarding the consolidation and rescheduling of certain debts owed to or guaranteed by the U.S. Government and its agencies, with annexes. Signed at Conakry Feb. 27, 1987. Entered into force Apr. 8, 1987.

Honduras

Agreement for sales of agricultural commodities. Signed at Tegucigalpa Mar. 11, 1987. Entered into force Mar. 11, 1987.

Agreement in implementation of the May 6 and 7, 1982, annex (TIAS 10578) to military assistance agreement of May 20, 1954 (TIAS 2975), for maintenance and repair of Honduran aerial ports. Signed at Washington May 20, 1985. Entered into force: Mar. 3, 1987.

Protocol I to military assistance agreement of May 20, 1954 (TIAS 2975), concerning the exercise of criminal jurisdiction over U.S. personnel, with annex. Signed at Washington May 20, 1985. Entered into force: Apr. 9, 1987.

PRESS RELEASES

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520

No.	Date	Subject
*78	4/1	Jack F. Matlock, Jr., sworn in as Ambassador to Soviet Union, Mar. 26 (biographic data).
*79	4/1	Conference on U.S. trade and investment in Africa, Apr. 9.
80	4/8	Shultz: news conference.
*81	4/10	Daryl Arnold, sworn in as Ambassador to Singapore (biographic data).
*82	4/14	John C. Monjo, sworn in as Ambassador to Malaysia, Apr. 13 (biographic data).
*83	4/15	Shultz: news conference, Shannon Airport, Ireland, Apr. 11.
*84	4/17	Whitehead: remarks before International Studies Association, Apr. 16.
*85	4/17	Stephen R. Lyne, sworn in as Ambassador to Ghana, Apr. 9 (biographic data).
86	4/20	Shultz: news conference, Moscow, Apr. 15.
87	4/20	Shultz: television interview, Moscow, Apr. 15.
88	4/20	Shultz: news conference, Brussels, Apr. 16.
89	4/20	Shultz: news briefing, Santa Barbara, California, Apr. 16.
*90	4/23	Shultz: address before the American Academy of Diplomacy, Apr. 22.
*91	4/24	Shultz: interview on "Worldnet," Apr. 23.
*92	4/24	Shultz: interview on "MacNeil/Lehrer Newshour," Apr. 23.
*93	4/27	Program for official visit to the U.S. of Prime Minister Yasuhiro Nakasone of Japan, Apr. 29-May 2.
94	4/29	Shultz: remarks made at the unveiling of the Monroe portrait, Apr. 28.
*95	4/29	Shultz: remarks and question-and-answer session before the Newspaper Farm Editors of America, Apr. 28.

*Not printed in the BULLETIN. ■

Hungary

Agreement on scientific and technical cooperation, with annexes. Signed at Washington Mar. 23, 1987. Entered into force Mar. 23, 1987.

India

Agreement amending agreement of Feb. 6, 1987, relating to trade in textiles and textile products. Effected by exchange of letters at Washington Mar. 4 and 10, 1987. Entered into force Mar. 10, 1987.

Indonesia

Agreement amending agreement of Sept. 25 and Oct. 3, 1985, as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Washington Apr. 1 and 2, 1987. Entered into force Apr. 2, 1987.

Israel

Agreement amending air transport agreement of June 13, 1950 (TIAS 2610), and protocol of Aug. 16, 1978 (TIAS 9002). Effected by exchange of notes at Tel Aviv and Jerusalem Dec. 16, 1986, and Jan. 5, 1987. Entered into force Jan. 5, 1987.

Jamaica

Agreement amending agreement and visa arrangement of Aug. 27, 1986, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Washington Mar. 3 and 30 and Apr. 7, 1987. Entered into force Apr. 7, 1987.

Korea

Agreement amending agreement of Nov. 21 and Dec. 4, 1986, as amended, relating to trade in textiles and textile products. Effected by exchange of letters at Washington Mar. 4 and 20, 1987. Entered into force Mar. 20, 1987.

Mauritius

Agreement amending agreement of June 3 and 4, 1985, as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Washington Mar. 23, 1987. Entered into force Mar. 23, 1987.

Mexico

Agreement extending air transport agreement of Aug. 15, 1960, as amended and extended (TIAS 4675, 7167), and the agreement of Jan. 20, 1978, as extended (TIAS 10115), relating to reduced air fares and charter air services. Effected by exchange of notes at Mexico Dec. 29 and 30, 1986. Entered into force Dec. 30, 1986.

Agreement extending the agreement of July 31, 1970, as amended and extended (TIAS 6941, 7927), for a cooperative meteorological observation program in Mexico, with memorandum of understanding. Effected by exchange of notes at Mexico Mar. 12 and 25, 1987. Entered into force Mar. 25, 1987; effective Apr. 1, 1987.

Mozambique

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annex. Signed at Maputo Feb. 12, 1987. Entered into force Mar. 27, 1987.

Oman

Memorandum of understanding concerning storage facilities at SOAF bases for U.S. prepositioned war reserve petroleum products, with annexes. Signed at Seeb and Shaw AFB Feb. 2 and Mar. 11, 1987. Entered into force Mar. 11, 1987.

Philippines

Agreement of procedures for mutual legal assistance. Signed at Manila Mar. 31, 1987. Entered into force Mar. 31, 1987. Supersedes agreement of June 11, 1986.

Sudan

Agreement for sales of agricultural commodities. Signed at Khartoum Mar. 12, 1987. Entered into force Mar. 12, 1987.

Sweden

Agreement regarding participation in the USNRC international piping integrity research group, with appendices. Signed at Stockholm and Bethesda Feb. 2 and Mar. 3, 1987. Entered into force Mar. 3, 1987.

Switzerland

Agreement regarding participation in the USNRC international piping integrity research group, with appendices. Signed at Bern and Bethesda Feb. 3 and Mar. 3, 1987. Entered into force Mar. 3, 1987.

U.S.S.R.

Agreement concerning cooperation in the exploration and use of outer space for peaceful purposes, with annex. Signed at Moscow Apr. 15, 1987. Entered into force Apr. 15, 1987.

United Kingdom

Agreement concerning Anguilla and narcotics activities, with annex and forms. Effected by exchange of letters at Washington Mar. 11, 1987.

Entered into force: Mar. 27, 1987.

¹With reservations.

²Not in force for the U.S.

³With declaration.

⁴Not in force.

⁵In force provisionally for the U.S. ■

PUBLICATIONS

Department of State

Free single copies of the following Department of State publications are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

President Reagan

The Current State of Soviet-American Relations, World Affairs Council, Los Angeles, Apr. 10, 1987 (Current Policy #941).

Secretary Shultz

China and the U.S.: Facing the Economic Challenges of the Future, Dalian Management Training Center, Dalian, P.R.C., Mar. 3, 1987 (Current Policy #930).

Africa

Southern Africa Economic Progress Initiative (GIST, Apr. 1987).

Arms Control

Arms Control and Openness, ACDA Director Adelman, Conference on Disarmament, Geneva, Feb. 5, 1987 (Current Policy #916).

New Prospects for Agreement in INF and START, Ambassador Rowny, Panhandle Tiger Bay Club, Pensacola, Mar. 20, 1987 (Current Policy #935).

Interpreting the ABM Treaty, Ambassador Nitze, Johns Hopkins University School of Advanced International Studies, Apr. 1, 1987 (Current Policy #936).

Senate Consideration of Unratified Treaties to Limit Nuclear Testing, Jan. 1987 (Special Report #161).

Soviet Noncompliance With Arms Control Agreements, Mar. 1987 (Special Report #163).

Canada

U.S.-Canada Relations (GIST, Mar. 1987).

Department

How Much Security is Enough?, Acting Assistant Secretary Lamb, *Discover* Conference on Terrorism in a Technological World, Jan. 22, 1987 (Current Policy #923).

Underfunding and Undermining Our Foreign Policy Infrastructure, Under Secretary Spiers, Subcommittee on International Operations, House Foreign Affairs Committee, Feb. 26, 1987, and Subcommittee on Commerce, Justice, State and Judiciary, House Appropriations Committee, Mar. 4, 1987, (Current Policy #926).

East Asia

Korean Politics in Transition, Assistant Secretary Sigur, U.S.-Korea Society, New York City, Feb. 6, 1987 (Current Policy #917).

U.S.-China Relations (GIST, Apr. 1987).

Economics

Structural Adjustment, Dialogue, and U.S.-Japan Economic Relations, Under Secretary Wallis, executive committee meeting of the U.S.-Japan Business Council, Kona, Hawaii, Feb. 16, 1987 (Current Policy #924).

U.S. Foreign Agricultural Policy and the Sugar Program, Assistant Secretary McMinn, International Sweetener Colloquium, Palm Springs, Feb. 24, 1987 (Current Policy #927).

U.S.-Japan Trade Relations, Under Secretary Wallis, Commonwealth Club, San Francisco, Apr. 13, 1987 (Current Policy #942).

Generalized System of Preferences (GIST, Mar. 1987).

Intellectual Property Rights (GIST, Mar. 1987).

GATT and Multilateral Trade Negotiations (GIST, Apr. 1987).

Environment

International Efforts to Protect the Stratospheric Ozone Layer, Deputy Assistant Secretary Benedick, UNEP plenary meeting, Vienna, Feb. 23, 1987, and 1987 Washington Conference on CFCs and Ozone Protection Programs, Alexandria, Va., Mar. 25, 1987 (Current Policy #931).

Europe

The U.S.-Soviet Bilateral Relationship, Soviet Union Affairs Director Parris, Kennan Institute for Advanced Russian Studies, Feb. 25, 1987 (Current Policy #928).

America's Political Tradition and the Soviet Challenge, Ambassador Rowny, Harvard National Model United Nations, Boston, Feb. 20, 1987 (Current Policy #940).

Foreign Assistance

U.S. Initiative for Southern Africa, AID Administrator McPherson, Southern Africa Development Coordination Conference, Gaborone, Feb. 5, 1987 (Current Policy #919).

U.S. Development Strategy for Sub-Saharan Africa, AID Administrator McPherson, House Select Committee on Hunger, Feb. 26, 1987 (Current Policy #925).

General

Maintaining the Momentum in U.S. Foreign Policy, Deputy Secretary Whitehead, Mid-America Committee, Feb. 25, 1987 (Current Policy #922).

Budgetary Resources and Foreign Policy, Under Secretary Derwinski, Subcommittee on Foreign Operations, Senate Appropriations Committee, Mar. 19, 1987 (Current Policy #933).

Securing the Blessings of Liberty, Deputy Secretary Whitehead, student symposium at the Center for the Study of the Presidency, Mar. 20, 1987 (Current Policy #934).

The Marshall Plan: Origins and Implementation, Apr. 1987 (Public Information Series).

Human Rights

Human Rights, the Soviet Union, and the Helsinki Process, Assistant Secretary Schifter, "club pro wien," Vienna, Jan. 28, 1987 (Current Policy #914).

The Reality About Human Rights in the U.S.S.R., Assistant Secretary Schifter, National Strategy Forum, Chicago, Feb. 16, 1987 (Current Policy #920).

The Evolving Soviet Approach to Human Rights, Ambassador Zimmermann, CSCE followup meeting, Vienna, Jan. 27 and Feb. 20, 1987 (Current Policy #929).

Renewing the U.S. Commitment to Human Rights, Apr. 1987 (Special Report #164).

Pacific

The ANZUS Alliance (GIST, Apr. 1987).

Science & Technology

The Success of the Antarctic Treaty, Assistant Secretary Negroponte, Center for Oceans Law and Policy, Charlottesville, Mar. 27, 1987 (Current Policy #937).

Western Hemisphere

Development of U.S.-Nicaragua Policy, Assistant Secretary Abrams and Ambassador Habib, Senate Foreign Relations Committee, Feb. 5, 1987 (Current Policy #915).

U.S. Interests and Resource Needs in Latin America and the Caribbean, Assistant Secretary Abrams, Subcommittee on Western Hemisphere Affairs, Senate Foreign Relations Committee, Mar. 25, 1987 (Current Policy #932).

Central America: What Are the Alternatives?, Assistant Secretary Abrams, University of Kansas, Lawrence, Apr. 21, 1987 (Current Policy #944).

A Plan for Fully Funding the Recommendations of the National Bipartisan Commission on Central America, Mar. 1987 (Special Report #162).

Democracy in Latin America and the Caribbean: The Promise and the Challenge, Mar. 1987 (Special Report #158).

Caribbean Basin Initiative (GIST, Mar. 1987). ■

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